

A Show of Hands

A PERSON CLOSE TO OUR PROFESSION recently told me that when a roomful of actuaries was asked if they could quote Precept 1 of the Code of Professional Conduct, not a single hand was raised. Now, I am guessing that anyone who reads *Contingencies* on a regular basis knows that Precept 1 says, “An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.”

Some of you would score extra credit by recognizing that Annotation I-1 adds, “An Actuary shall perform Actuarial Services with skill and care.” While the Code contains 14 precepts with multiple annotations, none of the other 13 can be violated easily without also violating Precept 1.

One of my most pleasant volunteer positions within the profession has been to facilitate both the Society of Actuaries (SOA) Fellowship Admissions Course and the SOA Associates Professionalism Course (note: other actuarial organizations have similar courses). I enjoy seeing the new people coming into the

profession, with their enthusiasm and excitement (and not a pocket protector in sight). Of course, an important part of these courses is to go through the Code of Professional Conduct, precept by precept. The participants consider real-world situations in which they might confront circumstances that could put them in danger of violating the Code. When these (generally younger) new professionals read Precept 1, they stop just short of saying “duh” out loud. I’m positive they say it under their breath. After all, why would one study hard, land a great job, and *not* perform professional

duties with “skill and care”?

That was my response to the person who told me that no one could quote Precept 1. It’s because we all think it’s a no-brainer, or maybe we just don’t know the precepts by number. In any case, I’m confident that most actuaries not only know that they *should* use honesty, integrity, and competence in their work; they actually *do* it. Certainly the new professionals view it that way. They sometimes have a hard time envisioning why you would ever change an answer, fail to work cooperatively with the former appointed actuary, or be in such a rush to complete a project that you fail to examine the data thoroughly.

One benefit of using the case study method is to have actuaries consider, in a safe environment, how they might respond if they were asked to do something that they viewed as a potential violation of the Code. Members of the Actuarial Board for Counseling and Discipline (ABCD) frequently speak at local actuarial clubs to give seasoned actuaries a chance to learn from the case study method as well.

Owning Precept 1

Still, actuaries do occasionally violate the Code, some with full knowledge of the Code and others from lack of familiarity. If they didn’t, I wouldn’t be able to participate in another very rewarding (note that I didn’t say pleasant) volunteer experience: being a member of the ABCD. Almost every time the ABCD receives a request for guidance, the person calling actually knows the right answer. The caller is just looking for someone with whom he or she can talk through the situation. It’s also telling that when the ABCD receives a complaint, the alleged violation of the Code often begins with a violation of Precept 1. Quite simply, the actuary failed to use “skill and care,” did not act honestly with integrity and competence,



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failed to uphold the profession's responsibility to the public, and/or failed to act professionally. While other precepts generally also will have been violated—such as not being qualified (Precept 2) or not following the applicable actuarial standards of practice (Precept 3)—they all lead back to Precept 1.

A topic that is gaining much more interest these days is continuing education (CE). In particular, members of the ABCD are finding that the documentation of activities in which an actuary participated in order to fulfill CE requirements can be scanty at best. In many cases, the ABCD is beginning to ask for such documentation from the subject actuary (one against whom a complaint has been made). We also are beginning to ask for such documentation from investigators in order to

increase their credibility during the investigation process.

A strong CE requirement is a critical component of being a self-regulating profession. Again, going back to Precept 1, it is part of upholding the reputation of the profession. However, some actuaries may feel that they are doing the same work, in the same way, using the same tools that they have used for decades, and therefore don't need CE. Given the ongoing updates to the actuarial standards of practice, as well as the continually changing regulatory and economic environment, every actuarial specialty is experiencing the need for skills refresher courses.

At the same time, actuaries need to take some type of professionalism course each year to satisfy the three-hour requirement for professionalism

in the general qualification standard. All actuarial organizations are making this easy with a wide variety of online, on-demand, and in-person educational events.

Every actuary should read the Code of Professional Conduct at least once a year, paying special attention to Precept 1. It gives you a great measuring stick for every activity you undertake in your professional life.

And if you are ever sitting in a roomful of actuaries and someone asks if you know what Precept 1 says, *please* raise your hand! □

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