

Professionalism

Quality Service, Communication, & Ethics

Singapore Actuarial Society
General Insurance Conference
"What's Next?"
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Ron Kozlowski – Towers Watson
Jim Attwood – Asia Capital Re
Scott Yen - Chartis

Quality Service

- Every one has clients
- Think! Just don't reproduce
 - Add value
 - Exceed expectations
- Perform sensitivity testing
- Does it pass the smell test?
- 80/20 rule
- Cost versus quality
- Ask yourself – am I proud of this?
- Reflects upon you, your company, profession
- Know local regulations/standards of practice
- It's not about numbers, its about products
- Ask for feedback

Communications

- Know your audience
- Basics: big picture, data, methodology, assumptions, summary, value-added comments
- Text should comment on what's important
- If it's too technical of explanation it probably is
- Oral communications – record yourself
- Toastmasters helps
- Always spell check

Conduct/Ethics

- Impartiality & independence
- Act honestly, with integrity and competence
 - fulfilling profession's responsibility to the public
 - upholding the reputation of the actuarial profession
- Perform Actuarial Services only when qualified to do so
 - on the basis of basic and continuing education and experience and only when the Actuary satisfies applicable qualification standards
- Satisfy applicable standards of practice
- Actuarial Communication should be clear and appropriate to the circumstances and its intended audience

Conduct/Ethics

- An Actuary shall not knowingly perform Actuarial Services involving an actual or potential conflict of interest unless:
 - the Actuary's ability to act fairly is unimpaired
 - there has been disclosure of the conflict
- Take reasonable steps to ensure that such services are not used to mislead other parties
- An Actuary shall not disclose to another party any Confidential Information unless authorized to do so or required to do so by Law

Conduct/Ethics

- In case of an apparent, unresolved, material violation of the Code by another Actuary
 - should consider discussing the situation with the other Actuary and attempt to resolve the apparent violation
 - If such discussion is not attempted or is not successful, the Actuary shall disclose such violation to the appropriate counseling and discipline body of the profession, except where the disclosure would be contrary to law or would divulge confidential Information

Professionalism

Code of Professional Conduct in Asia

- Singapore
 - The Singapore Actuarial Society (SAS) requires all members to adhere to its Code of Professional Conduct
 - There are 23 statements grouped into 6 categories: General, Actuarial Advice, Independence, Communication of Actuarial Advice, Publicity, Discipline
- Malaysia
 - The Actuarial Society of Malaysia (ASM) has a Professional Code of Conduct
 - The code is made up of 12 precepts.
- Thailand
 - The Society of Actuaries of Thailand (SOAT) has a Code of Professional Conduct that is identical to the CAS's Code

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Code of Professional Conduct in Asia

- India
 - The Actuarial Society of India has a set of Professional Conduct Standards (PCS) that is substantially similar to the CAS's Code
 - The PCS is made up of 9 sections: General, Professional Standards, Standards for Advice, Breach of Professional Guidance, Conflict of Interest, Financial Interests, Appointment of New Adviser, Relations with Other Members, Publicity

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Code of Professional Conduct in Asia

- Hong Kong
 - The Actuarial Society of Hong Kong has a Professional Conduct Code (PCC)
 - There are 19 statements grouped into 5 categories: General, Independence, Formulation of Advice, Appointment of New Adviser, Relations with Other Actuaries and Publicity
- Taiwan
 - The Actuarial Institute of Chinese Taipei has a Code of Conduct

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Code of Professional Conduct in Asia

- Mainland China
 - The Chinese Association of Actuaries (CAA) is under the regulation of the Chinese Insurance Regulatory Commission (CIRC). This is very different from the US where only the "business of insurance" is regulated by the insurance authority. In China, the "entity" of insurance is regulated by the insurance authority. This includes the conduct of an actuary.
 - There is no official "code of conduct" but the rules of an actuary's conduct are embedded in insurance regulations. Hence, violation of these rules will incur more serious consequences compared to violation of an actuarial society's code of conduct
 - Therefore it is important for an actuary practicing in mainland China to check the latest regulations regarding actuarial work

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Code of Professional Conduct in Asia

Comparison Table of Precepts, Annotation and Statements

| | CAS /Thailand | Singapore | Malaysia | Hong Kong | India |
|---|-------------------------------|-----------------------------------|----------------------------------|--------------------------|------------------------|
| 1 | Professional Integrity | General | General | General | General |
| | Qualification Standards | Standards of Professional Conduct | Professional Standards | | Professional Standards |
| 2 | Standards of Practice | Actuarial Advice | Standards for Actuarial Advice | Formulation of Advice | Standards for Advice |
| | Communications and Disclosure | Communication of Actuarial Advice | Transmission of Actuarial Advice | | |
| | Confidentiality | | Client Relationships | Relationship with Client | |
| | Conflict of Interest | Independence | Conflict of Interest | Independence | Conflict of Interest |
| | Control of Work Product | | Third Parties | | |
| | | | Financial Interests | | Financial Interests |

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Code of Professional Conduct in Asia

Comparison Table of Precepts, Annotation and Statements

| | CAS /Thailand | Singapore | Malaysia | Hong Kong | India |
|---|--|------------|--------------------------------|--------------------------------|---------------------------------|
| 3 | Courtesy and Cooperation | | Relations with Other Actuaries | Relations with Other Actuaries | Relations with Other Members |
| | Advertising | Publicity | Publicity | Publicity | Publicity |
| | | | Appointment of New Adviser | Appointment of New Adviser | Appointment of New Adviser |
| 4 | Titles and Designations | | Descriptions | | |
| 5 | Violations of the Code of Professional Conduct | Discipline | | | Breach of Professional Guidance |

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Ethics case studies

- Data integrity
 - Review for reasonableness and consistency, “unless review is not necessary or is not practical”
- Asked to do some health work
- Using models outside your area of expertise
- Reliance on others
- Mistake found. When do you restate?
- Boss tells you to select a lower number
- Over/under-reserving – playing the underwriting cycle
- Unrecorded premium deficiency reserves

Ethics case studies

- Disagree with template rate indication formula
- The 15% loss ratio
- Excessive profits
- Unjustified new business discount
- You change jobs – what’s theirs versus yours
- The competitor’s rate manual
- Rate subsidization