

TheACTUARY

Editorial advisory panel

Peter Tompkins (chairman), Daniel Ah-Sun, John Bating, Barry Botelhof, Chris Daykin, Matthew Edwards, Nigel Hayes, Martin Lunnnon, Andrew Smith, Chris Sutton, Paul Sweeting, Matthew Wheatley

Editor

Margaret de Valois
HSBC Actuaries and Consultants
Ltd, Level 16, 8 Canada Square,
London E14 5HQ
T 020-7991 3165
F 020-7991 4646
e margaretdvalois@hsbc.com

Managing editor

John Harris
28 Burghley Road, Bristol BS6 5BN
T 0117-924 5060
F 0117-924 0888
e johnharris@the-actuary.org.uk

Features editor

Paula Jackson
PricewaterhouseCoopers LLP
101 Barbirolli Square, Lower Mosley
Street, Manchester M2 3PW
T 0161-247 4422
F 0161-247 4113
e paula.k.jackson@uk.pwc.com

Deputy features editors

Tracey Brown
HSBC Actuaries and Consultants
T 01727-775417
e tracey.brown@hsbc.com

Marjorie Ngwenya
Swiss Re Life & Health
T 020-7933 3163
e marjorie_ngwenya@swissre.com

News editor

Seamus Creedon
KPMG, 1 Canada Square,
London E14 5AG
T 020-7311 5075
F 020-7694 2340
e seamus.creedon@kpmg.co.uk

Company news

Laurence Kleerekoper
Hearts of Oak Friendly Society,
9 Princes Road West,
Leicester LE1 6TH
T 020-8905 5044
e kleerekoper@lineone.net

Puzzles editor

Rakhee Raja
55a Moss Road, Pinner HA5 3AZ
T 020-8429 9415
e rakhee_raja@hotmail.com

Student page editors

Jean Eu
RGA UK, IFC Level 40, 25 Old
Broad Street, London EC2N 1HQ
T 020-7448 8255
e JEu@rgare.com

Jennifer May
Hewitt Associates, 6 More London
Place, London SE1 2DA
T 020-7939 4000
e jennifer.may@hewitt.com

Production

T 0117-924 5060
F 0117-924 0888
e production@the-actuary.org.uk

Editorial illustration

Satoshi Kambayashi

The Actuary online:

www.the-actuary.org.uk
Site administrator
e webmaster@the-actuary.org.uk

The Actuaries' Code

THE OPENING YEARS OF THE NEW MILLENNIUM HAVE BEEN A period of intense scrutiny for our profession and its professional bodies. The fallout from the Equitable and the Penrose and Morris reports have contributed to how we are viewed externally and how we view ourselves internally. As part of our strategy to address this we have conducted a full review of our Professional Conduct Standards, or the PCS as it is popularly known by those who remember it exists!

The PCS is a comprehensive and well-thought-through code of conduct, covering all the important ethical issues. Our review highlighted that it is a long document, that it is at times convoluted, and that it is not easily memorable.

Our review, therefore, had a number of objectives:

- ◆ to make the code itself shorter and more memorable;
- ◆ to make it accessible to all, including the outside world;
- ◆ to produce a document designed to effect the desired outcome in behaviour.

We quickly concluded that a change to a principles-based code would allow us to meet these objectives. Although the code's prime principles will require amplification and some more detailed supporting rules, these will be kept to a minimum, with a renewed emphasis on each member being expected to exercise his or her judgement to keep within the principles of the code, rather than being content not to infringe a series of rules.

We called it the Actuaries' Code (although it will also apply to students) because this name makes the aim and content of the code more easily understandable to the wider community. We chose to label the eight principles all with names beginning with C only late in the process, when we found that six of the eight naturally have those labels, and that only a little twisting was needed to get the others to conform – but the principles came first, the labels only followed. We do think, however, that the 8Cs will make it easier for us all to remember the contents of the code.

We now want your comments on how successful we have been in meeting our objectives. The first draft of the Actuaries' Code was shared with members in August. (See p10 of September's issue of *The Actuary*.) The consultation version, which will be released this autumn, is not, at the time of writing, expected to diverge significantly from the draft version.

The proposed code will mean we will all need to think harder about ethical issues which we might face – following the rules alone was never enough, as the PCS itself states, and the principles-based approach does require actuaries to think about their actions. I'm sure we would all prefer a code which requires us to think before we act – rather than have a long, detailed code where no thinking is required, but disciplinary cases can follow on infringements of technicalities. In this way there is a danger of the process becoming



more important than the goal, which is the protection of the public and the reputation of the profession.

The structure of a short code with attendant AP standards (Actuarial Profession Standards, the new term for guidance notes on ethical matters issued by the Actuarial Profession) should be easy to use. Whatever actuaries are doing, the 8Cs of the code should direct their thoughts, and where one may apply they should turn to the AP standard for further help. Although these may contain some detailed mandatory requirements, they will also contain amplification of the principle. These AP standards will typically be much shorter than the guidance notes formerly produced by the profession, and the rules within them will, as far as possible, be principle-based.

To comply with international obligations arising from UK membership of the IAA and Groupe Consultatif, we are not completely free to abandon some detailed rules, and in some areas these detailed rules are helpful in reinforcing the principles. The principles will then be reinforced in the AP standard – particularly where otherwise the scope for interpretation might be too wide. But this does not detract at all from the general intention to help all of us keep to the principles which, I hope, we will all share.

I do hope as many as possible of the readers of *The Actuary* (or those who have been dedicated enough to read this far!) will feed back comments, positive and negative, as part of this consultation, so that the code which comes into force on 1 April next year won't turn out to be anybody's April Fool!

 ANDREW CHAMBERLAIN
CHAIRMAN, PROFESSIONAL AFFAIRS BOARD