

Code of Professional Conduct and Sanctions Policy: questions

Instructions:

- Indicate which action is in violation of the Code of Professional Conduct or the Sanctions Policy.
- For each question, there is only 1 possible fully correct answer.

A. Integrity

Article 1

The actuary is expected to perform professional services with integrity, competence, and care. He will take on professional responsibility towards his client or employer and should not act in a way contrary to law or public policy.

1.1

I have fallen behind in my project and I know that I won't be able to meet the deadline. The duration of the project was originally discussed with me as an actuary and is very important for my client.

Which action does not comply with the Code of Professional Conduct?

- ▶ I contact the client; I provide the reasons for the delay and I am willing to discuss again the terms of the original contract.
- ▶ **XXX** To deliver the conclusions of the project within the deadline, I simplify some steps, especially at validation and control levels, with the risk of a less correct result or a possible unnoticed or uncorrected error. The client remains responsible as he set a fixed deadline for the project.
- ▶ I subcontract to meet the deadline and I ask for the client's agreement regarding this issue.

Article 2

The actuary will ensure that the reputation of the actuarial profession is upheld. He should not engage in misleading advertising which would lead to dishonest professional advantages.

2.1

I'm a self-employed actuary and I have no access to paying, real-time data on financial markets.

Which action does not comply with the Code of Professional Conduct?

- ▶ **XXX** I say that my model is calibrated using paying real-time option prices. When I get the contract, I use last year's data.
- ▶ I say that my model is calibrated using paying real-time option prices. When I get the contract, I'll invest in accessing real-time data.
- ▶ I say that my model is calibrated using real-time option prices available to the public and I point out the consequences.

Article 3

The actuary should act with courtesy and cooperate with others serving the actuary's client or employer. He must respect the confidentiality of information received from his client or employer.

3.1

I incidentally come across a friend's damage claim form for a fire in his second residence in the Ardennes. I'm surprised about the private assets of this person.

Which action does not comply with the Code of Professional Conduct?

- ▶ At a family party I say that I don't know anything about the private assets of this acquaintance.
- ▶ **XXX** At a family party I say that this acquaintance has suffered fire damage in a house in the Ardennes.
- ▶ At a family party I say that I believe this acquaintance to be well-off.

Article 4

When an actuary is asked to perform work previously performed by another person, the actuary must consider whether it is appropriate to consult with the previous provider to establish whether it is convenient to take on the new responsibility.

4.1

I'm asked to take over the professional services from another actuary.

Which action does not comply with the Code of Professional Conduct?

- ▶ Based on the long and good collaboration in this dossier, I consider that I can take on this new responsibility.
- ▶ I make an appointment with the other actuary to discuss the issue. In doing so, I can better determine whether I want to take on this new responsibility.
- ▶ **XXX** I accept the assignment without considering whether it would be appropriate to consult with the previous actuary.

B. Professional Behaviour, Competence and Care

Article 5

The actuary must offer professional services only if he is competent and appropriately experienced to do so.

5.1

My employer asks me to produce and sign a report by the end of the week concerning the suitability of the non-life provisions, although I've been active for more than 10 years in « life product development » only.

Which action does not comply with the Code of Professional Conduct?

- ▶ **XXX** I accept the job to please him, even more as I'm confident in the competence of the colleague who has calculated the provisions.
- ▶ I refuse the job as I cannot acquire the necessary knowledge within the specified delay to provide correct advice.
- ▶ I ask another colleague who has a better knowledge in this field whether he would be ready to do the job.

5.3

I'm back after a parental leave and I'm immediately asked to make the annual closing calculations.

Which action does not comply with the Code of Professional Conduct?

- ▶ I refuse to take responsibility for these calculations. Since I was absent during a certain period, I propose only to work in a supporting position.
- ▶ **XXX** I make these calculations and I presume that nothing has changed during my absence.
- ▶ I ask for an overview of all the changes and discussions which have taken place during my absence. Afterwards I determine whether I can do the job and under which conditions.

Article 6

The actuary is responsible for updating the knowledge which is necessary for the performance of the actuarial profession and shall comply with the continuous professional development rules imposed by the Institute.

6.1

A new law comes into force, with a direct impact on my area of competence.

Which action does not comply with the Code of Professional Conduct?

- ▶ I study this law personally to keep my knowledge concerning the regulation in force up to date.
- ▶ **XXX** I believe that I have sufficient knowledge of the subject. When questioned about an error later, I declare only to be responsible for what I know. I can't be accused of anything based on an element unknown to me.
- ▶ I follow a training course to keep my knowledge regarding the current regulation up to date.

D. Impartiality

Article 9

The actuary will not perform professional services involving an actual or potential conflict of interest, unless the actuary's ability to act in an impartial manner is unimpaired and there has been full disclosure to the principal of the actual or potential conflict or bias.

9.1

You are asked to validate the model and the parameters used by the company. This model was actually developed two years ago by a colleague and yourself when you had another function.

Which action does not comply with the Code of Professional Conduct?

- ▶ I declare to be personally involved and propose that someone else should validate.
- ▶ **XXX** I validate the model and tell no one about my involvement in its development.
- ▶ I propose to give advice about the model, but I say to feel uncomfortable in its validation as I'm one of the developers.

E. Communication

Article 10

In communicating the results of professional services, the actuary must clearly state that he takes professional responsibility for the results and that he is prepared to give, in writing and accurately, supplementary explanation and information which would be required by the employer or client regarding the performed analysis, the date (or data source) and the methods used.

10.1

A client, who is satisfied with the result of a job I did for him, asks to provide him with explanations regarding a method and with the figures and parameters which I have used to reach the result. The figures and parameters have not been communicated before

Which action does not comply with the Code of Professional Conduct?

- ▶ **XXX** I indicate that I will only give verbal explanation, but I already provide him with the figures and parameters I have used.
- ▶ I provide him with the figures and parameters I have used and give written notes thereto.
- ▶ I provide him with written notes, but I don't provide the figures and parameters I have used.

Article 11

The actuary will clearly identify the intended client or employer of his work and state the capacity in which he is acting.

11.1

I'm asked to give a public lecture.

Which action does not comply with the Code of Professional Conduct?

- ▶ I refuse as I know that this wouldn't be appreciated by my employer.
- ▶ **XXX** My employer is mentioned in the introduction. I do not mention that I have been personally asked by the organisation, nor do I specify that I speak in my own name.
- ▶ My employer's logo is displayed on the slides. I present the company vision.
- ▶