



**ASSOCIATION ACTUARIELLE INTERNATIONALE
INTERNATIONAL ACTUARIAL ASSOCIATION**

January 31, 2010

Ms. Hilde Blomme
Director of Practice Regulation
Fédération des Experts Comptables Européens (FEE)
Brussels, Belgium
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Dear Madam

Re: IAA Comments on FEE Discussion Paper *Integrity in Professional Ethics*

In response to the request for comments on the Discussion Paper on *Integrity in Professional Ethics*, I am pleased to transmit on behalf of the International Actuarial Association (IAA) our comments and recommendations.

These comments have been prepared by the IAA's Committee on Professionalism. If, upon reading these comments, you identify any points that you wish to pursue, please do not hesitate to contact the chairperson of that Committee, Michael Pomery, or any of the other members of the Committee. The IAA will be pleased to develop these ideas further with you.

Yours sincerely

Yves Guérard
Secretary General

[Attachment:](#) IAA comments

**A Commentary on the
DISCUSSION PAPER ON INTEGRITY IN PROFESSIONAL ETHICS
Released by the Fédération des Experts Comptables Européens: September 2009**

International Actuarial Association

The International Actuarial Association (the “IAA”) represents the international actuarial profession. Our sixty-two Full Member actuarial associations represent more than 95% of all actuaries practicing around the world. The Full Member associations of the IAA are listed in an Appendix to this statement. The IAA promotes high standards of actuarial professionalism across the globe and serves as the voice of the actuarial profession when dealing with other international bodies on matters falling within or likely to have an impact on the areas of expertise of actuaries. The IAA appreciates the opportunity to provide comments on this FEE discussion paper.

IAA Due Process

These comments have been prepared by the IAA's Committee on Professionalism, the members of which are listed in an Appendix to this statement. It has also been subject to the due process required for it to constitute a formal view of the IAA, and will be posted to the IAA's official web site.

IAA Comments

On behalf of the International Actuarial Association we commend FEE for preparation and dissemination of this most timely paper.

The paper very much agrees with our position that integrity is a core principle of professional behaviour. Any profession needs to respect the public interest and the only manner in which this can be accomplished is with integrity as a fundamental value underlying all professional activity. Although your paper clearly mentions that public interest is a concern of a profession, our suggestion would be that this is emphasised as the principal reason why professional activity should be underpinned by ethics and integrity.

In Question 6, your paper asks whether readers agree that integrity is actually the core principle and should be highlighted as such, compared with the other fundamental principles referred to in paragraph 2.3. We agree that the common definition of integrity may include those other, very important principles (objectivity, professional competence and due care, confidentiality, and professional behaviour). However, the limited definition provided on page 3 does not. For example, one can be “straightforward and honest” but incompetent to perform a given piece of work. Thus, we would respond by saying that our reply depends on the definition of integrity being used. We note, for example, that the characteristics listed in paragraph 5.2 do not include the other principles, and thus by the definition provided “integrity” does not include those principles.

Emphasis on ethics and integrity is always important, but in today's world it is needed more than ever, especially due to the pressures that we are encountering related to the current economic

crisis. It is important to recognize that many of the problems that challenge the world today were caused by a failure of organizations and individuals to follow the principles of ethics and integrity that we believe professionals must follow. This crisis will therefore only be resolved if all our future actions and behaviour are conducted within a framework of strong ethical principles, with integrity at the core.

A professional should only perform an assignment if appropriate information is available, he or she is competent to undertake the work, and if the assignment can be carried out within the bounds of ethics and integrity. The professional involved must be able to reject assignments that he or she is not prepared to perform, for example where the results of the work may be used to mislead, or where the final outcome would be against the public interest. The professional should not be limited to rejecting the work to be performed but he or she should also be required to evaluate whether it is appropriate to exercise a whistle blowing function, be it to the appropriate authorities or the corresponding professional body.

The paper has a number of references to the application of a disciplinary process if unethical behaviour, or behaviour lacking integrity, is recognized. It should be emphasised that a course of action lacking ethics or integrity may often be unprofessional conduct, which must be subject to such disciplinary actions that the individual's professional body deems necessary.

We fully subscribe to the view that the leadership of firms which employ professionals have a responsibility to foster a culture of ethics and integrity. In addition, full support must be granted by those firms to their professionals who refuse to compromise their integrity.

Within a professional body, the existence of a strong code of conduct and the effectiveness and transparency of the professional disciplinary process are key elements in establishing and preserving a culture of integrity. For your information, a copy of the requirements which the International Actuarial Association sets its member associations regarding codes of conduct and disciplinary schemes is provided in Appendix A.

The times in which we live require that continuous additional efforts be made to stress the importance of ethics and integrity. Your discussion paper is an excellent aid toward this aim. We thank you again for the opportunity to comment on it.

Excerpt from the IAA Internal Regulations

Section 2. Full Membership

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- 2.1.4** The association must have a Code of Professional Conduct in place. A copy of the association's current Code of Professional Conduct must be made available to the members of the association. Its provisions need not use identical language but should be consistent with the principles described in the provisions of this section 2.1.4 a – k, except that an association's code need not include provisions whose description contains optional language, such as "An Association may" or "for example". An association may provide additional guidance in its Code of Conduct provided that the additional guidance does not reduce any of the obligations set forth below.
- a. An actuary shall perform professional services with integrity, skill and care. An actuary shall fulfil the actuary's professional responsibility to any client or employer. An Association may provide more specific guidance if it wishes to do so (for example, an Association may indicate that an actuary could consider advising a client or employer where a proposed course of action would, in the opinion of the actuary, be contrary to the public interest).
 - b. An Actuary shall act in a manner to fulfil the profession's responsibility to the public. An actuary shall act in a manner to uphold the reputation of the actuarial profession. An actuary shall not engage in any advertising or business solicitation with respect to actuarial services that the actuary knows or should know is false or misleading.
 - c. An actuary shall co-operate with others serving the actuary's client or employer. An actuary shall not disclose to another party (unless authorised by the client or required by the discipline process of the member's association, but subject to legal requirements) confidential information (that is, client information that is not in the public domain and of which the actuary becomes aware as a result of providing actuarial services).
 - d. An actuary shall perform professional services only if the actuary is competent and appropriately experienced to do so. An Association may permit actuaries to operate otherwise in defined and specific circumstances (for example, where an actuary is working with another actuary who is fully competent and appropriately experienced, or where the client would be disadvantaged if available advice was denied).
 - e. An actuary is responsible for ensuring that the actuary's work conforms to applicable practice standards in the actuary's work. An actuary must take into account any relevant practice-related guidance issued or endorsed by the actuary's Association that is binding on the actuary, and may take into account any non-binding practice-related information that is so issued or endorsed. An actuary must know the current requirements of the applicable Code(s) of Conduct.

- f. An actuary shall, in communicating professional findings, show clearly that the actuary takes responsibility for them. An actuary shall indicate the extent to which the actuary or other sources are available to provide the client or employer with supplementary information and explanation about scope, methods and data.
- g. An actuary shall, in communicating professional findings, identify the client for whom these findings are made and in what capacity the actuary serves.
- h. An actuary shall not perform professional services involving the actuary in an actual or potential conflict of interest, unless the actuary's ability to act fairly is unimpaired and there has been full disclosure to all principals of the actual or potential conflict. An Association may also require that an actuary may not perform professional services under these circumstances unless all principals have expressly agreed that the actuary may do so.
- i. When an actuary is asked to take on professional services previously provided by another actuary, the actuary shall consider whether it is appropriate to consult with the previous provider of the professional service to ensure that there are no professional reasons to decline taking on this new responsibility.
- j. An actuary shall disclose to the actuary's client sources of material compensation or income from any other source that are related to any service on behalf of a client as soon as such a source is identified.
- k. An actuary shall be subject to the disciplinary procedures prescribed in the rules of the actuary's Association, and, subject to the right of appeal within those rules, shall accept any judgement passed, or the decision of any appeal procedure.

2.1.5 The association must have a formal discipline process in place including the following:

- a. There is a complaint process accessible to both anyone affected by a member's work and the member's professional peers.
- b. There is due process of defense available to the member complained against, and the member's rights are fully respected.
- c. There is an objective formal appeal process independent of the body that has ruled at the prior level.
- d. There are available sanctions appropriate to the level of the offences committed, including termination of membership in the association.
- e. The process shall enable the association to give appropriate publicity to results of the complaint process where any penalty is imposed, including the right to provide information to other actuarial associations. Any publicity shall be consistent with the discipline process.

Appendix B

Members of the IAA Committee on Professionalism

Michael Alan Pomery	Chairperson
Amy S Bouska	Vice-Chairperson
Frederick Rowley	Vice-Chairperson
Peter John Akers	Institute of Actuaries of India
Gintaras Bakštys	Lietuvos aktuariju draugija
Avi Bar-Or	Israel Association of Actuaries
Andris Barlots	Latvijas Aktuaru Asociacija
Luciana Bastos	Instituto Brasileiro de Atuária (IBA)
Timothy John Beardsall	Singapore Actuarial Society
Thomas Behar	Institut des Actuaire
Petr Bohumský	Ceská Spolecnost Aktuárù
Andrew John Michael Chamberlain	Institute of Actuaries
Morris W. Chambers	Canadian Institute of Actuaries
Sergio Desantis	Istituto Italiano degli Attuari
Peter Raymond Doyle	Actuarial Society of South Africa
Nikolay Gorbachev	Russian Guild of Actuaries
Alf Guldberg	Svenska Aktuarieföreningen
Morten Harbitz	Den Norske Aktuarforening
Norbert Heinen	Deutsche Aktuarvereinigung
Curtis E. Huntington	American Society of Pension Professionals & Actuaries, New Zealand Society of Actuaries
Jelica Klucovska	Slovenska Spolocnost Aktuarov
Dragutin Kocovic	Udruženje Aktuara Srbije
Tarmo Koll	Eesti Aktuaaride Liit
Armand Kplé	Institut des Actuaire de Côte d'Ivoire
Gordana Letica	Hrvatsko Aktuarsko Drustvo
Jose Luis Lobera	Colegio Nacional de Actuarios A.C.
Yvonne Anne Lynch	Society of Actuaries in Ireland
Hillevi Mannonen	Suomen Aktuaariyhdistys
David Bernard Martin	Faculty of Actuaries
Godfrey Perrott	American Academy of Actuaries, Society of Actuaries
Gottfried Rey	Association Suisse des Actuaire
Roland W.C. van den Brink	Het Actuarieel Genootschap
Lucia Chona Ventura	Actuarial Society of the Philippines
Lance J Weiss	Conference of Consulting Actuaries
Masaaki Yoshimura	Institute of Actuaries of Japan

Full Member Associations of the IAA

Caribbean Actuarial Association
Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Argentina)
Institute of Actuaries of Australia (Australia)
Aktuarvereinigung Österreichs (AVÖ) (Austria)
Association Royale des Actuaire Belges (Belgique)
Instituto Brasileiro de Atuária (IBA) (Brazil)
Bulgarian Actuarial Society (Bulgaria)
Canadian Institute of Actuaries/Institut Canadien des Actuaire (Canada)
Actuarial Institute of Chinese Taipei (Chinese Taipei)
Institut des Actuaire de Côte d'Ivoire (Côte D'Ivoire)
Hrvatsko Aktuarsko Društvo (Croatia)
Cyprus Association of Actuaries (Cyprus)
Česká Společnost Aktuárů (Czech Republic)
Den Danske Aktuarforening (Denmark)
Egyptian Society of Actuaries (Egypt)
Eesti Aktuaaride Liit (Estonia)
Suomen Aktuaariyhdistys (Finland)
Institut des Actuaire (France)
Deutsche Aktuarvereinigung e.V. (DAV) (Germany)
Hellenic Actuarial Society (Greece)
Actuarial Society of Hong Kong (Hong Kong)
Magyar Aktuárius Társaság (Hungary)
Félag Íslenskra Tryggingastærðfræðinga (Iceland)
Institute of Actuaries of India (India)
Persatuan Aktuaris Indonesia (Indonesia)
Society of Actuaries in Ireland (Ireland)
Israel Association of Actuaries (Israel)
Istituto Italiano degli Attuari (Italy)
Institute of Actuaries of Japan (Japan)
Japanese Society of Certified Pension Actuaries (Japan)
Latvijas Aktuaru Asociācija (Latvia)
Lebanese Association of Actuaries (Lebanon)
Lietuvos Aktuariju Draugija (Lithuania)
Persatuan Aktuari Malaysia (Malaysia)
Colegio Nacional de Actuarios A. C. (Mexico)
Association Marocaine des Actuaire (Morocco)
Het Actuarieel Genootschap (Netherlands)
New Zealand Society of Actuaries (New Zealand)
Den Norske Aktuarforening (Norway)
Pakistan Society of Actuaries (Pakistan)
Actuarial Society of the Philippines (Philippines)
Polskie Stowarzyszenie Aktuariuszy (Poland)

Instituto dos Actuários Portugueses (Portugal)
Academia de Actuarios de Puerto Rico (Puerto Rico)
Russian Guild of Actuaries (Russia)
Udruženje Aktuara Srbije (Serbia)
Singapore Actuarial Society (Singapore)
Slovenska Spolocnost Aktuarov (Slovakia)
Slovensko Aktuarsko Drustvo (Slovenia)
Actuarial Society of South Africa (South Africa)
Col.legi d'Actuaris de Catalunya (Spain)
Instituto de Actuarios Españoles (Spain)
Svenska Aktuarieföreningen (Sweden)
Association Suisse des Actuaires (Switzerland)
Society of Actuaries of Thailand (Thailand)
Faculty of Actuaries (United Kingdom)
Institute of Actuaries (United Kingdom)
American Academy of Actuaries (United States)
American Society of Pension Professionals & Actuaries (United States)
Casualty Actuarial Society (United States)
Conference of Consulting Actuaries (United States)
Society of Actuaries (United States)