

Professional Conduct Standards

Legislation or Authority : Section 19 (2) (i) of the Actuaries Act 2006

Author : The Council of the Institute of Actuaries of India

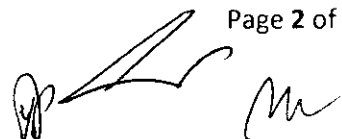
Application : Professional Conduct Standards is applicable to all members of the Institute of Actuaries of India

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1. GENERAL

- 1.1. The Professional Conduct Standards provides guidance on professional conduct in addition to that is provided under *the Act* and Rules & Regulations made thereunder and *other guidance*.
- 1.2. All *members* must comply with the requirements of *the Act* and Rules & Regulations made thereunder, *professional guidance* and *other guidance*. Nothing in the *professional guidance* is intended to require *members* to act in breach of legal requirements. Where *professional guidance* is in conflict with legal requirements, members must comply with those legal requirements.
- 1.3. A *member* who has any doubt about the interpretation of *professional guidance* or its application in particular circumstances should normally seek advice from an *actuary* who has relevant experience in the first instance. If this would be inappropriate or if, having consulted such an *actuary*, the *member* has residual doubts about the course of action to be taken, the *member* must seek guidance from the *professional body*.
- 1.4. The Professional Conduct Standards should not be interpreted as imposing any constraints which would limit a *member's* freedom to provide *actuarial services*. A *member* must, however, avoid arrangements which inhibit the *member's* ability to conform to the standards of behaviour, integrity, competence and professional judgment which other *members* or the public might reasonably expect of a *member* (including, but not limited to, the requirements of *professional guidance*).
- 1.5. Work outside India
 - 1.5.1. *Members* working outside India are strongly encouraged to join the local actuarial body when it is appropriate, having regard to the nature of their work, to do so.
 - 1.5.2. A *member* of more than one actuarial body is subject to the rules of all such bodies. If a *member* has doubts about the course of action to be taken, or if there appears to be a conflict between the two sets of rules, the *member* should normally seek advice from the *professional body*.
- 1.6. If there are circumstances under which it would be unreasonable to follow the principles of the Professional Conduct Standards, dispensation may be requested from the *professional body*. Such instances are expected to be rare and dispensation will be granted only in exceptional circumstance.

2. PROFESSIONAL STANDARDS

- 2.1 The actuarial profession has an obligation to serve the public interest within the context of building and promoting confidence in the work of

actuaries and in the actuarial profession. Collectively it seeks to do so by informed contribution to debate on matters of public interest and by influencing those with power to protect and enhance the public interest. Individually *members* must maintain and observe the highest standards of conduct. The standing of the actuarial profession depends on the judgment of individual *members*.

2.2 *Members* have a duty to the actuarial profession and *clients* and must always act honestly and with integrity.

2.3 *Clients* are entitled to have absolute confidence in the skill, objectivity and integrity of any *member*.

2.4 Healthy debates and expressing different opinions on matters of professional interest are good for the betterment of the actuarial profession. However, such debates and opinions must demonstrate due respect and must not bring disrepute to the actuarial profession or other *members* or the *professional body*. *Members* must be aware of any requirements of confidentiality and must respect the same.

3. CONFIDENTIALITY

3.1 As a matter of law, information acquired by an *actuary* in the course of professional work is frequently confidential to the *actuary's client*. As such, any information that is governed by confidentiality between the *actuary* and the *actuary's client* should not normally be disclosed unless consent has been obtained from the *actuary's client*.

3.2 There are, however, circumstances in which, despite the normal duty of confidentiality, an *actuary* might in law be:

3.2.1 obliged to disclose confidential information, either by virtue of statutory or judicial authority or by virtue of other guidance by which the *client* is bound, or

3.2.2 free to disclose confidential information if it is in the public interest to do so or, in some circumstances, if it is for the *actuary's* own protection.

3.2.3 An *actuary* may wish to seek legal advice before invoking this provision.

4. STANDARDS FOR ADVICE

4.1 An *actuary* is expected to use best judgment in formulating advice and must have proper regard to any relevant *professional guidance* or *other guidance*.

4.2 In accepting an assignment and when performing the assignment, an *actuary* must ensure that he or she is qualified to do so as per requirements of *professional guidance* and *other guidance*.

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5. COMPLIANCE WITH STANDARDS

5.1 Non-compliance with *the Act* and Rules & Regulations made thereunder, *professional guidance* and *other guidance* shall constitute misconduct as per section 31 of *the Act* and could attract initiation of disciplinary procedures as per *the Act* and the relevant Rules. *Members* therefore have a responsibility to familiarize themselves with, and comply with *the Act* and Rules & Regulations made thereunder, *professional guidance* and *other guidance* as ignorance or lack of proper understanding cannot be grounds for justifying any misconduct.

5.2 A *member* who has reasons to believe that he or she has committed a misconduct, and such a misconduct could not be rectified, must report the same to the *professional body*.

5.3 Action to be taken on discovering a misconduct by another *member*

5.3.1 On becoming aware of any misconduct by another *member*, a *member* must take appropriate action at the earliest opportunity.

5.3.2 If the *member* decides that the nature of the misconduct is such that action is called for, the *member* could, in the first instance, consider discussing the apparent misconduct with the other *member*. Possible objectives of having such a discussion include:

5.3.2.1 seeking more information about the matter, so as to form a view whether there has actually been a misconduct; and/or

5.3.2.2 to explore whether the matter is one where the misconduct can either be mitigated or be rectified entirely by the other *member* taking remedial action.

5.3.3 If the *member* does not consider a discussion to be appropriate, or if the matter is not resolved to the satisfaction of the *member* as a result of such discussions, then the *member* must refer the matter to the *professional body* as prescribed in the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008.

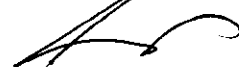
5.4 A *member* found guilty of misconduct will be liable to disciplinary action as specified in sections 30, 37 and 38 of *the Act*.

5.5 *Members* who are also members of other actuarial bodies

5.5.1 A *member* who has been found guilty of misconduct by the *professional body* must immediately inform the same to the other actuarial bodies where he or she is a member.

5.5.2 A *member* who has been found guilty of misconduct by another actuarial body must immediately inform the same to the *professional body*.

6. IMPARTIALITY



- 6.1 *Actuaries* must ensure that their professional judgement is not compromised, and is not seen to be compromised, by any bias, conflict of interest or the undue influence of others.
- 6.2 If there is or might appear to be a conflict of interest between two or more *clients* of an *actuary* or of the *actuary's firm*, or a conflict between a *client* and the *actuary* or the *actuary's firm*, the *actuary* must consider the nature and extent of the conflict and whether it is such as to make it improper for the *actuary* to provide *actuarial services* to one or more of the *clients* involved in the conflict.
- 6.3 In the event of any such conflict or apparent conflict of interest, the *client* or *clients* involved must be notified at the earliest opportunity and if any *actuarial services* provided to a *client* is, or will be, influenced by interests other than those of that *client* or by any constraint other than that imposed by *professional guidance* or *other guidance*, this must be disclosed in the output of the *actuarial services*.
- 6.4 If there might be a conflict between the interests of different *clients* or previous *clients* of the *actuary* or of the *actuary's firm*, the *actuary* must have proper regard to their respective interests and in particular must not communicate information within the *actuary's firm* which the *actuary* has reason to believe might harm the interest of any *client* or previous *client*.
- 6.5 An *actuary* must make full and timely disclosure to the *client* of any financial interest, which the *actuary* or the *actuary's firm* may have in any assignment that the *actuary* undertakes for that *client* or in its outcome. Financial interest includes direct remuneration, direct and indirect benefits, commission and introductory fees paid by or to the *actuary* or the *actuary's firm*.
- 6.6 In considering whether an *actuary* or an *actuary's firm* has a financial interest in an assignment, the *actuary* must have regard to other *firms* with which the *actuary* or the *actuary's firm* is associated.
- 6.7 Financial rewards which are large in relation to the professional time spent, including success related or contingency fees, can threaten objectivity and thus contravene the general requirements of the Professional Conduct Standards. Accordingly, *actuaries* are advised to exercise extreme care in determining whether to accept such rewards or fees and must ensure that they are appropriate in the circumstances of the advice given and that there is no conflict with the requirements for professional objectivity.

7. ACCEPTANCE OF AN ASSIGNMENT

- 7.1 A *client* has the indisputable right to choose and to change professional advisors, to take a second opinion and to retain separate advisors on different matters. It is not the intention of the Professional Conduct

Standards to interfere in the commercial activities of an *actuary* or an *actuary's firm*.

7.2 If an *actuary* invited to provide *actuarial services* to a *client*, knows or has reason to suspect that another *actuary* is acting or has recently provided advice on the same or a related matter, the *actuary* should communicate, in writing, with the other *actuary* at as early a stage as possible to ask whether, he is aware of any professional reasons to be considered in accepting the appointment or any particular considerations which ought to be borne in mind before providing *actuarial services*. Upon receiving such an enquiry, the other *actuary* may provide the required information as soon as possible, but no later than 10 days from receipt of the communication from the *actuary*, and should make no attempt to obstruct a *client* who wishes to change advisors.

7.3 If, however, the *client*, having been informed of the obligation to make contact, refuses to consent to contact being made, the appointment should be declined.

8. PUBLICITY

8.1 While publicity for the actuarial profession is encouraged, any form of publicity that might give an *actuary* an unjustified or unfair professional advantage, as opposed to a legitimate commercial advantage, is prohibited. Publicity which is likely to detract from the standing of the profession is prohibited. An *actuary* may publicize the professional services offered, may indicate specialization in a particular area of work and may publish the basis of charging.

8.2 *Actuaries* must ensure that their publicity, and any publicity by others on their behalf, is appropriate to the profession. An *actuary* must be in a position to substantiate in an objective manner the content of any publicity for professional services. This requirement applies particularly where the publicity could be taken as suggesting that for some reason it is preferable to obtain advice from the *actuary*, rather than from another *actuary*. An *actuary* who is in any doubt about a particular publicity is urged to seek guidance from the *professional body*.

8.3 A *member* speaking or writing, using any medium for communication, should normally seek to ensure that it is made clear in what capacity the contribution is made. A *member* must not imply that what is said or written has any official standing with respect to the *professional body* unless authorized to speak or write as a representative of the profession.

8.4 In publications, CVs, seminars or conferences, a factual description of work on behalf of the profession and the titles of positions held or previously held may be included. Statements must not be made that imply that this work provides the *actuary* or *actuary's firm* with any special or additional standing or expertise.



9. GLOSSARY

- Act - The Actuaries Act, 2006
- Actuary - A Fellow member of the Institute of Actuaries of India
- Actuarial Services - Services based upon actuarial considerations provided to clients that may include the rendering of advice, recommendations, findings, or opinions.
- Client - Intended user of the output of the actuary's actuarial services at the time the actuary performs those services.
- Actuary's Firm - The entity of which the actuary is a proprietor, a partner, or an employee or a consultant.
- Member - an individual whose name appears in the register of members maintained by the Institute of Actuaries of India
- Member's Firm - The entity of which the member is an employee or a consultant.
- Other Guidance - Legislation, Rules, Regulations or Guidance provided by any statutory or regulatory body relevant in the context of any particular issue with which a member is involved.
- Professional Body - The Institute of Actuaries of India. When reference is made to seeking guidance from the professional body, this should in the first instance be sought by contacting the President of the Institute of Actuaries of India.
- Professional Guidance - Professional Guidance consists of Professional Conduct Standards, Guidance Notes and Actuarial Professional Standards issued by the Institute of Actuaries of India.