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# The Actuary's Duty to the Public Interest

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## 0. Agenda

1. Do actuaries have a duty to act in the public interest?
2. What does it mean when we talk of “the public interest”?
3. Should this public interest duty be included in the code of professional conduct?
4. Conclusion
5. Questions



# 1. Do actuaries have a duty to act in the public interest?

[www.menti.com](http://www.menti.com)

Pick one:

- Yes (always)
- No (never)
- Sometimes
- Unsure

Keep open for more questions.

Can also at any time type in your questions for later.



# 1. Do actuaries have a duty to act in the public interest?

Yes

IAA "PG1 – Principles of Professionalism":

- “The distinguishing feature of a profession that sets it apart from a trade, craft, a guild or a syndicate is the overriding interest of the individual professional in the public well-being.”
- “The IAA membership Regulations require provisions in members’ Code of Conduct to be consistent with the principle that “An actuary shall act in a manner that fulfils the profession’s responsibility to the public”.”
- “Actuaries have [a] professional responsibility to clients and/or employers, the public and to their Full Member Association.”



# 1. Do actuaries have a duty to act in the public interest?

Actuarial Society of South Africa's Code of Professional Conduct:

- “the Code will play a vital role in guiding us towards fulfilling our mission in the public interest” (Gamedze)
- “A member shall act... in a manner that fulfils the profession’s responsibility to the public.”
- “Members are encouraged to consider the public interest when rendering actuarial services”

Responsibility to promote the public interest

Vs

Responsibility to the public



## 2. What does “the public interest” mean for actuaries?

Vote, on a sliding scale from strongly disagree to strongly agree

- Consider third parties
- Contribute to public policy
- Do your job properly
- Ensure human flourishing
- Educate members and/or the public



## 2. What does “the public interest” mean for actuaries?

- Narrow to broad
- Narrow = do your job properly
- Broad = human flourishing
- IAA PG1 is narrow
- This does not meaningfully resemble the public interest – indirect and universal
- Public’s expectations should be considered
- I favour a broad conception
- “Responsibility to promote the public interest” is more than narrow “responsibility to the public”





### 3. Ought actuaries to act in the public interest?

Should the code of conduct include a duty to act in the public interest?

Vote by selecting one option

- Yes
- No
- Conditionally
- Unsure



### 3. Ought actuaries to act in the public interest?

I say “no” but let’s see why it might be “yes”.

- Negative and positive protections
- - Prevent abuse of clients by actuaries
- + Protect public against risks that they cannot manage
- Law and other oversight
- Duty of care to clients
- Voluntary



### 3. Ought actuaries to act in the public interest?

Why I say “no”

- Vagueness
- Conflict with duty to manage conflicts of interest
- Role of the state
- Vagueness:
  - Cannot fulfil the promise
  - Cannot demonstrate adherence or otherwise so cannot enforce
  - Misunderstanding
  - Inconsistent outcomes



### 3. Ought actuaries to act in the public interest?

- Conflict of interest:  
Conflict of interest arises, inter alia, when a member has an actual or potential interest that may influence the objective performance of the member's obligations to any specific client, or prevent the member from rendering an unbiased and fair service to any specific client, or prevent the member from acting in the best interests of any specific client. (Actuarial Society, 2012, para. 16)
- Interest = gain, or loss avoidance, or attitudes, biases or allegiances to something else
- Code requires members to avoid conflicts of interest by acting impartially
- (Otherwise decline to act, or disclose)
- Problem when acting in the public interest means not acting impartially
- No guidance in how to resolve this
- Solution = remove the public interest duty because we need the COI duty



## 4. Conclusion

- There is a duty in the Code for actuaries to act in the public interest
- While the Code defines this narrowly, I favour a broad conception
- For: negative and positive protections
- Against:
  - Vague
  - Conflict with duty to manage conflicts of interest
  - Role of the state
- Propose to remove this duty
- What if we do?
- Public service for the common good still desirable



## 5. Questions

Use menti.com to type in questions

Or speak



Thank you