

PROFESSIONAL CONDUCT
AND PRACTICE - Ver. 1.0 (10 10 1987)

1. The Actuarial Society of India is a professional body operating under the Societies Registration Act and the Bombay Public Trust Act. It has an obligation in the public interest to provide best possible quality of service and advice. Since the public in general has no ready means of finding the quality of actuarial advice, it is essential that all members maintain the highest standards of conduct and integrity.
2. Professional conduct involves integrity in relationships with those to whom professional services are rendered as well as with other members of the profession and the public. In all these relationships every member is concerned not only with his own behavior but also with the behavior of his colleagues and his employer, if any.
3. To assist members, the Executive Committee has authorized the issue of this memorandum as a statement of the principles to which it expects all members to conform in letter and spirit. No memorandum can be exhaustive in all circumstances. The Executive Committee in believing that the importance of maintaining the highest standard of behavior is recognized by all members, must rely on the conscience of each individual member and on the collective conscience of the whole profession. In addition, the Executive Committee may issue guidance to assist members in the interpretation and implementation of this memorandum. Any member who is in doubt as to the attitude which should be adopted, or the steps which should be taken in a particular case, or any member who would like the advice of a senior actuary is invited to communicate with the President.
4. A member should bear in mind that as a professional his duty of care can extend to persons or organizations whom he can reasonably expect to rely on the advice or information that he gives. Questions relating to legal liability which might arise in connection with the provision of Actuarial advice are not dealt with herein.
5. When it is alleged that a member has acted in a manner, which is professionally objectionable, the Executive Committee will take such steps as it thinks fit.
6. (a) For the purpose of this Memorandum the word *client* is used in the sense of the person or organization to whom a member's advice is primarily directed and the word *firm* in the sense of the person who is an Actuary, of a partnership of which all partners are Actuaries which will charge the client directly or indirectly for the member's advice. Matters must be so ordered that all concerned are clear as to who is a member's client, what is the member's firm and in what capacity a member is acting.

(b) When a member is employed by a firm (i.e. an Actuary or a partnership of Actuaries) he may submit actuarial advice to the firm's clients in his personal capacity but on behalf of the firm. The billing will be in the name of the firm.
7. A member's responsibilities are personal and in advising or otherwise acting for each client he must have proper regard to the trust and confidence which that implies. There must be no unauthorized disclosure of the client's affairs save where properly required under statutory or judicial authority.
8. Advice to the client must be unaffected by interests other than those of the client. Thus where there is or might appear to be a conflict of interest involving a member or his firm and the client, he must consider the extent of the conflict and whether it is such as to make it improper for him to act. If he is satisfied that it is proper for him to act he should only do so after there has been a full disclosure to the client of the conflict of interest.

9. A member must ensure it is clear that he is professionally responsible for any advice, which he gives, and that he can be identified as source of the advice. Where a client looks to a third party to transmit the advice, the member must ensure that his authorship is acknowledged and that the advice is not presented in a way which is likely to be misleading. Moreover he must be aware of a situation where advice which he formulates in the interest of his client can be presented as if it were necessarily the advice he would have given to another interested party.

A member must further ensure that he receives remuneration for his professional work directly from the client and not through the third party. The remuneration must be properly related to the services rendered. Similarly a member must ensure that he does not have to share the remuneration received for his professional work with any third party except for the disbursement of proper expenses.

10. A member must make full and timely disclosure to the client of any financial interest which he or his firm may have in any assignment he may undertake for that client or its outcome.
11. For a member in a particular situation to describe the advice he offers as impartial and independent he must be free, and must be seen to be free of any influence arising out of employment or any financial association which might affect his advice or limit its scope. This is particularly important where advice is rendered to a client through a third party.
12. The implications of any advice which is given must be explained in suitable terms. A member should include in any report or certificate information, appropriate to the circumstances, as to its scope and terms of reference, the assumptions made and methods and data which were used. Whilst a member is expected to use his best judgement in formulating his advice, he is expected and required to follow and adopt any relevant guidance notes issued by the Society.
13. Only a Fellow member of the Society is qualified to render professional service as an Actuary. Many problems submitted to members require in addition considerable experience for their solution. A member with insufficient relevant experience must not act except in co-operation with or with the guidance of an experienced Actuary.
14. A client has the indisputable right to choose or to change his professional advisor or to take a second opinion, or to retain separate advisors on different matters. The purpose of a new appointment, however, may be in conflict with the interest of those persons or organizations who rely on the advice. Accordingly, a member who is invited to advise a client for whom he knows or has grounds for supposing that another member is already acting in the same matter or has recently done so should inform that other member of the invitation. The other member must then inform him whether there are any professional reasons why in his view the invitation ought not to be accepted or any particular considerations, which should be borne in mind before proceeding.
15. A member should recognize that there is room for differences of opinion in relation to actuarial advice and must avoid any action, which would unfairly injure the professional reputation of any other member. However, this is not intended to prevent criticism to the client of another member's work for that client where this is properly reasoned and felt to be justified.
16. Any form of publicity which might give a member undue or unfair professional advantage or which is likely to detract from the standing of the profession is not permitted. A member must be in a position to substantiate in an objective manner the content of any publicity for his professional services including publicity by others on his behalf. This

- applies particularly where the publicity could be taken as suggesting that for some reason it is preferable to obtain advice from the member than from other members.
17. When a member is employed but the employer is neither an actuary nor a partnership of actuaries and is engaged on his own in his spare time in part-time actuarial consultancy work,
 - (a) he must have a direct relationship with his client without the intervention of his employer and
 - (b) he/she must bill and receive remuneration directly from his client and he must not share his remuneration with anyone including his employer except in fulfillment of his employment obligation, as applicable to all employees.
 18. A member employed, either on a full-time or a part-time basis, exclusively or mainly for rendering professional advice to his employer's clients except in the case where the employer is a firm of Actuary or Actuaries or an Insurer, shall have direct relationship with the clients and must bill and receive remuneration directly and he must not share his remuneration with anyone, including his employer except for the disbursement of proper expenses.
 19. A member must not use a title, which is dependent on elective office in the Society (e.g. a member of Executive Committee), unless he is acting in such a capacity on behalf of the Society.
 20. No form of arrangement involving a financial or other agreement with another person or organization may be entered into which has the result that the principles expressed or implied in this Memorandum are evaded.
 21. A member's professional conduct must not only be correct but must also be seen to be correct by his client, his professional brethren and others concerned.