Professional Skills and Ethics: an Australian Perspective

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Ethics and professionalism
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Cheating off the ball in New Zealand rugby has reached epidemic level

Dwyer’s View: Stuart, All Black cheating is NOT OK

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BOB DWYER
@bobdwyrtherugby

If you don’t know Bob Dwyer is the world cup winning coach of the 1991 Wallabies, then give yourself an uppercut. He did a load in between, but he now runs Bob Dwyer’s Rugby Worldshop, which you can

All Blacks branded cheats

The Sydney Morning Herald

A word on the All Blacks' play: Cheats
Actuarial Education at ANU

• ANU is one of 7 accredited Universities in Australia

• All offer (on a subject-by-subject basis) the potential for students to gain the required exemptions up to Associate level of the Actuaries Institute (of Australia)

• At ANU, actuarial studies:
  • Is taught within the College of Business and Economics
  • Is part of a School including Finance and Statistics (includes 7 Fellows and 5 Associates)
  • Has a high % of international students, and most students do not have much in the way of work experience, even for those attempting part II exams
Ethics and professionalism

• Is taught explicitly in the part II (Control Cycle, = CP1 = Fundamentals of Actuarial Practice)

• Is challenging to teach!
  • many students don’t have a hands-on familiarity with real life challenges in the workplace;
  • They are not yet immersed in the nuances of professional rights and responsibilities;
  • They usually perceive that professionalism is ‘dry’ and an afterthought to the ‘real’ stuff – that more and more developed technical skills alone are sufficient to succeed as an actuary;
  • So, it is boring! Bring on the real stuff….?
So, what do we do?

1. Motivate early and embed relevant lessons throughout all material
2. Be creative, look for variety in conveying key things
3. Non-assessable, voluntary group work has a place
Motivating early… for you

Suppose you are working as the appointed actuary for a company which is about to be massively downgraded in terms of value – and only you, plus the CFO/CEO and Board, know this before it is publicly announced in 2 days time.

Suppose your grandparents tell you that they are going to buy shares, today, in your company, because they think that with you involved in the company, it is likely to do very well. In fact, they are going to invest their whole life savings in the company.

What would you do?

• Might you be surprised as what you might do in some situations? Are there any guidelines anywhere for such things?
• Do such ‘guidelines’ over-ride your own perceptions, actions, beliefs as a human being?
Motivating early…

- Being ‘professional’ is not something that is ‘tacked-on’ as a necessary evil to one’s work as an actuary
- Neither is thinking about what the ‘right’ thing to do in difficult situations
- As such, start considering such issues early in the course
- Just like mortality data…
  - No shortage of relevant material to draw on!
But how to do this?.... Being creative

• Analogy – favourite food, most difficult course, ....
• Questions posed… with no answers
• Visual props and aids – e.g., videos of Aesop’s Fables
  • Bear and the two travelers, Donkey in a Lion’s skin, Fox and Stork, Lion and the mouse, The Goose that laid the golden egg, ...
• Add some competition into the mix
  • Students work in groups (arranged by birth month) in many classes, for 30-40 minutes, on open questions / problems, points and prizes at stake
  • Non-assessed, not compulsory, give open time to solve and told they can leave soon as they finish – do they leave class early?
Add even more variety…

• Guest speakers
  • Most speakers from industry refer to current events – real convergence in recent years on ethical and professional issues

• Use case studies, liberally, and past exam questions as group tasks

• Then, and only then, introduce the Code of Conduct (10 pages) – suddenly has some context and relevance.
Observations (1)

• It can be conveyed that professionalism underlies everything about quality work…
• …but… alas – this doesn’t always transfer to great answers to related exam questions.
• But – most students (I think) would still say they know far more about what professionalism is, and means for them, at the end of the course rather than the start
• …does this mimic us to a degree? Learning all the time (from experience and exposure) – would we all like the reactions we had to situations, or approaches we took to problems, 5 years ago compared to now?
Observations (2)

• Experience, experience, experience
  • In the absence of real world exposure, we proxy this via case studies, views of others (guest lecturers + other students), plenty of reading, plenty of practice, ….

• Group work can work, for many students. Questions with ‘grey’ areas need variety of opinions to weigh up.

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<th>Compulsory</th>
<th>Voluntary</th>
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<td>Can contribute to formal assessment</td>
<td>We tend to think about this zone?</td>
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<tr>
<td>Does not contribute to formal assessment</td>
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<td>Am finding this zone can work okay....</td>
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Example of recent exam question

You are the appointed actuary of a life insurer selling investment products.
The CEO of the insurer was made aware last year by an actuarial consultant, that there are errors within the company’s IT systems with respect to allocating correct investment returns on individual policies.

However, the Board of the insurer subsequently decided to ignore this problem and not pay for corrections to the computer/IT system.

The CEO has told you that the Board decided this because the consulting actuary stated that the proportion of policyholders affected was ‘only’ about a third, that the errors made were only minor (the annual investment returns allocated to policyholders were just 1% less than what they should have been); and that no policyholder had made a complaint about this problem.

The Board has asked the CEO to get another actuarial opinion on the matter, just so they have in writing some actuarial advice that supports the decision that they made last year. As such, the CEO is asking for your advice.

Describe the steps you would take in this situation, and describe what you would say to the CEO about this situation, in your next meeting with her.
Answers...

I wanted them to suggest:
- Get the previous report, talk with previous actuary if needed
- Not appropriate for Board to ask for this… and if they are telling tales, you might want to think about you
- Address all 3 claims head-on, ….

But many came up with these:
- Just fix it (okay, but….)
- Charge more fees to policyholders to fix it
- 1% less in investment returns is small but just check it again
- Get reinsurance to help it

Of course, this last answer takes the cake. What have they been taught all semester?
“If a blind man leads a blind man, both will fall into a pit.”