

Objectivity and Independence: It's Who We Are

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At a recent Council on Professionalism meeting, one Council member reported that he had been asked by representatives of the accounting profession, how the Academy can ensure the independence and objectivity of its volunteers. How could they trust that Academy members are, and will be perceived as, objective and inde-

pendent and, by extension, credible versus representing the interest of their employers?

This issue is not unique. Over the years, other professions and other actuaries have questioned the challenges facing Academy volunteers who work routinely on important policy issues with policymakers, regulators, and the public. But, the story is uniquely powerful. Stakeholders in public policy debates need to know, and look for evidence, that they can trust the Academy and the actuarial profession to act in the public's best interest.

Such trust is an important element of the Academy's 50-year long commitment to actuarial professionalism. The Academy creates trust by embracing objectivity and independence as core values and promoting them through professionalism institutions. Our volunteers are called upon each year to consider and commit themselves to act with objectivity and independence in the execution of the Academy's mission by participating in its deliberative processes and through written acceptance of the Academy's conflict of interest policy. For some if not all of our volunteers, this is not a trivial signoff. Annually, we get insightful questions by volunteers about what it means to maintain independence and objectivity.

It's in Our Genes

The founders of the Academy grappled with how to hold actuaries to high, uniform standards so that the public could trust the profession. Henry Rood, the first president of the Academy said the founders' objective was to change what he called "a private, inward-looking, narrowly focused group of experts to that of a profession recognized by and accountable to the public." To achieve this, the founders committed themselves to the principles of professionalism—the DNA of the Academy—by calling for the "establishment and maintenance of adequate professional standards of actuarial practice to ensure the protection of the public's interest." The founders believed that standards of conduct, qualification, and practice, combined with professional discipline, protect the public by assuring users of its services that the profession imposes requirements upon its members, "not only with respect to knowledge and skills, but also with respect to integrity, independence, and a commitment to quality service."

It was recognized that Academy volunteers who draft these standards must step away from their daily work and jobs and focus

on issues without the bias of employer and industry concerns.

The process is arduous, but is essential in maintaining independence and objectivity in support of the profession.

It's in Our Heart

The members of all five U.S.-based actuarial organizations are subject to the Code of Professional Conduct—the heart of U.S. actuarial professionalism. The Code establishes that each actuary must act with honesty, integrity, and competence and "in a manner to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession." (Precept 1). Actuaries must also satisfy "applicable qualification standards" (Precept 2) and "applicable standards of practice" (Precept 3). Other precepts of the Code promote professional conduct, preserve the integrity of actuarial work, and require actuaries to submit themselves to a professional discipline process. These are not subjective standards. Rather, as the distinguished actuary Edward Lew wrote, "professional conduct requires competence, integrity, objectivity of a high order, and a commitment to personal service."

It's in Our Bones

The standards that define actuarial professionalism, and promote professional objectivity, are promulgated and enforced by boards with autonomous decision-making authority established within the Academy. The entities that support the growth and development of professional standards—the bones of actuarial professionalism—consist of the Actuarial Standards Board (ASB), and the Actuarial Board for Counseling and Discipline (ABCD). In addition, the Academy's Board of Directors promulgates qualification standards based on the recommendations of the Committee on Qualifications. Academy volunteers who serve on these boards and committees take part in balanced and evidence-based deliberative processes that focus on service to the profession and protection of the public. The standards are developed and revised in transparent and inclusive processes that expose proposed standards to the profession and general public for input.

It's in the Way We Think

The Academy's founders committed themselves to advancing the public interest in areas where actuarial solutions are relevant and effective. Henry Rood, the Academy's first president, noted, for example, that "[t]he millions of people involved and the immense size of the assets of our life insurance companies and pension funds dictate protection from any possibility of unsound actuarial practices." Today, this original commitment to serving the public is still reflected in the Academy's mission statement, which says, in part, that the Academy's mission is to serve the public and

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the U.S. actuarial profession by “provid[ing] independent and objective actuarial information, analysis, and education for the formation of sound public policy.” This is the way we think about the Academy’s role.

It’s How We Address the Question of Objectivity and Independence

The Academy recognizes that the two aspects of its mission—promoting U.S. actuarial professionalism and bringing that professionalism to bear on the public policy issues facing the United States—demand objectivity in word and deed. Each year, Academy volunteers must acknowledge the Academy’s Conflict of Interest policy and attest to their compliance with the continuing educa-

tion requirements of the U.S. Qualification Standards. Volunteers who fail to do so may not participate in the work of Academy boards or committees. This is essential to protect the appearance and reality that the Academy is a resource for objective actuarial information. As Academy President Tom Wildsmith explains: “We can’t fully serve the public interest if we approach it in a self-serving manner. Maintaining our objectivity is ... absolutely necessary to preserving the credibility of the Academy’s voice.”

Maintaining the public’s trust by ensuring that the work of the Academy’s committees, councils, boards and many volunteers is completed in a deliberately objective and independent manner is how we address the public’s questions of our standing as a profession. ▲