

Ethical Decision-Making in Actuarial Practice

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1. The Challenge

- Actuaries often face situations where technical correctness, business pressure, and ethical duty pull in different directions.

2. A Structured Approach

- Identify the ethical issue.
- Gather relevant facts and identify stakeholders affected.
- Consider applicable codes of conduct and legal requirements.
- Evaluate alternative courses of action and their consequences.
- Choose and justify the most ethical action, then document the reasoning.

3. Common Dilemmas

- Pressure from management to use overly optimistic assumptions, conflicts of interest, and requests to withhold unfavorable findings.

4. Whistleblowing

- When internal escalation fails, actuaries may have a professional duty to report serious ethical breaches to regulators.

5. Importance of Documentation

- Keeping a clear record of assumptions, advice given, and reasoning protects both the actuary and the public.