Managing Conflicts of Interest in Actuarial Practice

1. **Definition**
    - A conflict of interest arises when an actuary's personal, financial, or other interests could improperly influence their professional judgment.
2. **Common Examples**
    - Advising both a buyer and seller in the same transaction, holding a financial stake in a client company, or facing pressure from an employer to favor a particular outcome.
3. **Identification**
    - Actuaries are expected to proactively identify potential conflicts before accepting an engagement, not just when a problem arises.
4. **Management Strategies**
    - **Disclosure**: informing all relevant parties of the conflict.
    - **Recusal**: withdrawing from the engagement if the conflict cannot be adequately managed.
    - **Independent review**: having another actuary review the work.
5. **Why It Matters**
    - Undisclosed conflicts undermine the credibility of actuarial opinions and can cause real financial harm if judgment is compromised.