

## **Actuaries take public good into account**

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Actuaries are expanding their ethical rules to protect the public interest and ensure their advice is not misused after the James Hardie asbestos scandal.

The Institute of Actuaries yesterday approved changes to its code of conduct requiring members to break client confidentiality and report wrongdoing to regulators, after reviewing the findings of the Hardie inquiry.

The inquiry found Hardie never asked its actuary, Trowbridge Deloitte, the right questions to ensure an asbestos compensation trust had enough money for the sick and dying. The trust turned out to be underfunded by \$1.5 billion.

Trowbridge's report was not prepared for the specific purpose of fully funding the trust, which is what it was used for. Trowbridge never blew the whistle after learning how the report was being used, which the inquiry found "impossible to justify".

Institute of Actuaries president Graham Rogers said the key issue that emerged was what actuaries should do if their responsibility to the public interest conflicted with client relationships.

"And that arises obviously if advice is used intentionally or unintentionally for a quite different purpose that's the core of the Hardie issue for the profession."

He said the institute's changes suggested actuaries made sure their brief was "very clear and clearly defined", that any updates to earlier advice told "the whole story and not just part of the story", and that a client that misused an actuarial report was confronted.

"The next step would be to notify particular regulators or authorities that the advice is not being used as defined," Mr Rogers said. "In most regulatory frameworks, there is ability to report to the regulator under whistleblowing provisions."

Trowbridge Deloitte chief Colin Brigstock supported clearer whistleblowing protections for actuaries. Recent changes giving insurance actuaries access to company boards and protection to inform the regulator were positive, he said, while protections in company law could be revisited.

"But you don't want to hamstring companies taking advice on delicate issues; you don't want a lawyer in the room every time you're giving advice to somebody.

"It's a two-way street, what advisers are looking for is an open, honest, trusted

relationship with clients and 99 per cent of them are.“

Mr Rogers said the changes being proposed by the profession made explicit what was already in the standards.

”There is a public interest responsibility, which is an over-arching responsibility for the profession, as it is in most professions. Mostly it never gets tested because there is more or less alignment between client and public interests. Only in a small but significant number of cases is the question raised.“

Institute chief Catherine Baldwin said there were inconsistencies in the whistleblowing protections across different industries, which made it difficult for actuaries.