

Ethical problems faced by actuaries in business and some possible solutions to th...

[Business](#), [Management](#)



Our group, "The Super Six" focussed our research on the problem of ethics and actuarial science. As Sholom Feldblum states "The actuary has a dual role: an objective professional providing guidance on insurance issues and a business manager promoting the goals of an insurance company" (Sholom Feldblum, pg. 1). The purpose of our research was to determine the most common ethical problems an actuary faces, and the most appropriate methods to solve these problems. Solutions were necessary so that our stakeholders, current and prospective actuaries, will have more guidance when faced with these dilemmas. In the valuation sector, we found that the two main conflicts faced by the actuary were to use discounted or full reserve values, as well as an actuary's relationship with upper management. The most commonly accepted resolutions to these problems was to network with experienced actuaries, and to work on communicating better with top management. In Pricing we investigated ethical problems involving social acceptability, business goals, and self conviction. We found that case studies and an established protocol for dealing with pricing procedures were most effective in dealing with these problems. Finally in the testimony and legal realm, we looked at actuarial testimony in ratemaking and justification of a proper rate of return. We determined that pure impartiality was the best approach to avoid economic crime when testifying in court. We have concluded that all actuaries should regularly consult with the actuarial code of conduct, and always aim to practice actuarial techniques in a professional manner as opposed to conforming to the desires of their insurer.