

# Actuaries and Ethics with Stuart Turner

## Interview transcript

**Julia Lessing:** Hi everyone. Today we're talking about actuaries and ethics. What kind of ethical dilemmas can actuaries face? How can we prepare for these and how do we navigate these situations? And, joining us for this discussion is experienced actuary and the Chair of the Professionalism Committee, Stuart Turner. Stuart, welcome.

**Stuart Turner:** Thank you very much, Julia.

**JL:** So, Stuart, your career spans several decades, and you've worked across both corporate and consulting roles. So, no doubt you've seen your fair share of ethical dilemmas, but you've got a special interest in ethics. You write a lot about it, you presented at the Professionalism Course, and you've been helping out with the Communication, Modelling and Professionalism course as well. What prompted your interest in ethics?

**ST:** Yeah, so it was a bit of a happenstance series of events. So about 10 years ago, I decided to take a break from work to be a house dad for a while to my young daughter who was starting school and my two-year-old son at the time. And so, as part of that, I knew I actively wanted to fill some of the new available time I was going to have with some volunteering activities of some kind. I thought the school was a good place to start. And a good friend of mine mentioned the possibility of volunteering as a volunteer ethics teacher at the primary school.

**JL:** Right.

**ST:** So, for those of you not in New South Wales, what happens in New South Wales primary schools is that each school, each week, there is about a half an hour allotted to either special religious education or ethics education. And for the parents who elect for their kids to do ethics education, there are volunteer teachers that come in and run those sessions for half an hour every week, run by an organisation called Primary Ethics. And so, if you opt to become one of those volunteer teachers, you do a weekend of training on both some core philosophical, ethical background, and also some practical things like behaviour management for five-year-olds. And then we get thrown into a classroom to run a curriculum that's written by ethicists.

So that's what I decided to do when my daughter was in kindergarten and got involved in that process. Which was fascinating. I'll tell you a bit more about that later, but the spinoff from that was that Martin Mulcare, who you've had on the podcast, heard about this and when he needed someone to fill in as someone to run the ethics section of the Professionalism Course, he reached out to me.

**JL:** Ah, okay.

**ST:** And at the time I have to admit I thought exactly what can I bring to the profession around ethics given that my experience is talking to five-year-olds about whether they should keep a secret from their friends in the playground.

**JL:** Right, yep.

**ST:** So, it felt like a bit of a leap but to be honest once I looked at the content that existed for the Professionalism Course, it's really easy to see the very strong linkage between the principles behind what we teach kids in primary schools and the relevance of ethics to us as professionals. The core decision-making aspects and the core factors at play and the thought processes you go through are essentially the same.

And so, I found that a really interesting way to transition into talking to the profession about ethics and that led to a number of years and running that session of the Professionalism Course, which I really enjoyed. And then that spun into joining the Code of Conduct Guidance Committee, which has eventually become the Professionalism Committee amongst our functions is the role of promoting good quality ethical thinking amongst our profession. And so that's been, that journey over the last 10 years has been a really great way to get more involved in ethical thinking and understand that better. And while I'm not going to pretend to be any sort of deep expert, because it's not like I've done a degree in philosophy or anything like that, it's a great set of experience to bring to bear when we think about how we operate as a profession.

**JL:** Yeah, amazing and amazing to think of those parallels between what we're teaching five-year-olds in terms of ethics, and what we're applying as grown-ups in the workplace.

**ST:** Yes.

**JL:** And, you know, I'm sure there weren't ethics classes when I was five. And so, it'll be interesting to see how things evolve with this new sort of wave of children coming through and learning ethics at a young age, especially with such parallels.

**ST:** Well, absolutely. What I love about it is one of the focuses that I see in the course content is that it's really a reminder for kids that everything is not black and white.

**JL:** Right.

**ST:** There isn't always a right and a wrong. And so many of the stories that we talk about with kids in those courses, things where you're trying to elaborate that, you know, yes, lying is wrong. But everybody lies sometimes, you know, whether it's to protect someone else's feelings, or whether it's to make someone else feel good rather than bad, or whether it's a white lie that we think is acceptable in this circumstance. We all know that we do those minor lies all the time, even though we know that lying is wrong. And understanding that nuance and understanding that so many things have shades of grey is, I think, a really good thing for young kids to understand, particularly when they're bombarded in the media by binary choices between right and wrong on so many issues. So, if we can instill that in young people early, I think that's fantastic.

**JL:** Yeah, it's a good mindset, a good approach to have.

**ST:** Yeah.

**JL:** Okay, so we've talked about ethical challenges facing five-year-olds and that's how you've got this sort of special interest in it. And I'm really interested to hear too that taking a break to look after your kids and then doing some volunteering, so often that pays off, even if you didn't expect that that's where it would lead you in terms bringing you full circle back to your professional career. So yeah, a tick for volunteering.

**ST:** Absolutely.

**JL:** So, but Stu, if we're thinking about actuaries in the workplace, what sort of ethical dilemmas might actuaries face?

**ST:** Yeah. So, this is an interesting question, because when people think about ethical issues, often they like to, it's easy to leap to the big sort of moral quandaries that we might assume like situations where there is an inherent conflict between what you're doing and a choice that you have to make in your workplace that might impact your personal life. So big conflicts of interest or situations where it's unclear who you should be benefiting in a particular situation. So, it's easy to assume that that's what we're talking about. But I think it's an important point to make that almost any decision that we make has an ethical context.

If you look at the philosophical definition of what ethics is about, it's about the question of what ought I to do in a given situation. And that doesn't have to involve moral issues or your personal life. It can involve all sorts of decisions that we make in our business day-to-day. So even if we are looking at, for example, a pricing issue for an insurance product, where we are trying to assess what might be fair between different cohorts of policyholders or different customers or a customer and a distributor, whenever we make those decisions, then lots of people might say, oh, they're just commercial decisions. The end of the day, it's still an ethical decision because we are weighing up the interests and outcomes of different parties and trying to come to an appropriate reason for the decision that we're making.

So just because something doesn't involve us personally or a moral quandary doesn't mean it isn't an ethical question and doesn't mean that we can't use ethical principles to think about the nature of the issue. So, one answer to your question is that almost everything that we do in our work has an ethical quandary. But I guess the more interesting ones are the ones that you're alluding to are the difficult decisions, what are the situations that we're going to, where we're going to be tested about whether we're doing the right thing. And if I think about the analogy between what we talk to kids about in the school training and our professional careers. There's all sorts of parallels because one of the lessons we talk to kids about is what does it mean to be fair? And in that context, the story that we tell is about how do you split a birthday cake in a birthday party?

**JL:** Right.

**ST:** Is it fair if everyone gets an equal share or is it fair if the birthday person gets two slices and everyone else gets less? Or is it fairer if the people that really like cake get a lot more and the people who don't like cake get less? What does fair mean? And that is not dissimilar to the sort of classical actuarial dilemmas of old-style participating products or pricing choices that come down to how do we split up a pie between multiple people in a way that is perceived as fair.

**JL:** Yeah.

**ST:** So that's probably a classic area that we would come across. But I think particularly post the Financial Services Royal Commission in Australia, some of the other types of issues that people have more and more of a say in these days, no matter what level you're at in the organisation, is ethical challenges around the relationship between companies and their customers, for example, where we may all in our jobs come across a situation where we see a decision that's being made that may or may not have the right outcome for customers and we have the opportunity to contribute to that discussion.

So, things like that are not uncommon issues for anyone to come across in their day-to-day career.

**JL:** Mm. And I guess, as you say, the, you know, the shades of grey of an ethical dilemma, there's no clear right or wrong, but there's so many different things to consider to work out what ought I do or what's, you know, what ought we do when it comes to those commercial decisions as well. And as you said, they're not necessarily, you know, commercial decisions and ethical decisions aren't necessarily mutually exclusive. You can have both. Yeah, some interesting things to think about. And, yeah, I'll ask you a little bit more about, you know, how we might do that in a bit. But before I do, so you talked about different levels of the organisation. As actuaries, do the types of ethical dilemmas that we're facing, does that change as we become, say, people leaders or senior leaders within an organisation? Is it different?

**ST:** Yeah, I think inevitably our relationship and involvement in ethical dilemmas will change as you go through your career and as you grow and take on different types and natures of roles in an organisation. One example is that when we're at a more junior role, we may contribute to a decision, we may have input to a decision, it may be one of many voices that are providing input to someone who, as part of a business decision, is reaching a conclusion. But as we get more senior, and we take on management of teams and management of functions, you may get to the point where you are the decision maker.

**JL:** Right.

**ST:** So, your responsibility is not just to contribute to the debate, but to bring resolution to a discussion and reach a final conclusion.

**JL:** To have that final say on what happens.

**ST:** Yeah, and that's where the importance of solid ethical thinking really becomes critical because you've got to not only reach a conclusion but have good reasons behind that conclusion.

**JL:** Yeah.

**ST:** And be able to back it up and have confidence that what you're doing is something that you're comfortable with. Not that it's right or wrong because there may not be a right or wrong, but you could be sure that if challenged, that you've got a solid set of reasons that you think, that you believe have been reasonably justified. So, I think our responsibility in the ethical decision-making process changes over time. And in saying that, I don't want to suggest for a moment that someone at the beginning of their career doesn't have a role, I think we do, all the time, for a couple of different reasons.

If nothing else, my view is that the Financial Services Royal Commission was incredibly powerful in giving everyone a voice, because all of a sudden, anyone in an organisation can look at a decision and talk to their peers or their manager and say, look, if this was playing out in front of a Royal Commission room and we were being quizzed on this, how would we feel? And you can express that via to answer this question about what we're doing. If I feel, if I would feel uncomfortable doing that, then maybe we need to look at this a little bit more closely.

**JL:** Yeah, it's absolutely changed the way we think about what we're doing and the decisions that we're making. And I think it strengthens that point that you were just making around being able to justify our decisions. So, there might be a range of possible appropriate solutions, but the one that we've chosen, can we justify it? Could we explain it? Can we stand by it? And can you sleep at night with it, I suppose? So, yeah.

**ST:** It's a front-page test, I guess, talking about front pages of newspapers is a bit of an antiquated concept these days, but nonetheless, the idea that if it was flashed across the front page of a newspaper, would I be happy with the information that was shown and what I decided?

**JL:** Yeah, that's a good way to look at it. And as you said, that affects everyone at every level. So, we all need to be thinking about this. So, thinking about the future, though, what are some new or future ethical dilemmas that you think actuaries might be facing and might need to be prepared for?

**ST:** So, there's some really interesting spaces where there's clearly going to have to be a lot more thought about how we act ethically with some of the new technologies and approaches coming through. And the most obvious of those is artificial intelligence and things like Chat GPT, I know you've had Chris Dolman talking about his role in thinking about ethics in data analytics. And that is clearly going to be an area that requires lots of attention.

**JL:** Yeah.

**ST:** So many different angles about clear communication to clients about, for example, about when and how automated or AI solutions are being used, how much judgment overlay do you put over the output from an automatically generated output. When we're talking about models that are learning from the world around us, what are the risks of that model learning some of the bad things about the world around us, like entrenched bias or in decision making or things like that? There are already some very real-world examples of that having happened where models have learned inappropriate decision-making behaviours from past actual human decision-making behaviours.

**JL:** Yep.

**ST:** So, there's so much in this space that is going to require lots more thought. One of the really good things, I think, is that actuaries are extremely well-placed to be doing that. The Actuaries Institute has

actually picked up on this in part of the campaign for having actuaries more involved in data work is the Do Data Better campaign.

**JL:** Right.

**ST:** And one of the things that they do in that campaign is point out that as an actuary we're all beholden to the Code of Conduct, which gives us obligations as a profession to uphold a certain level of ethical quality of work, of integrity, speaking up when things are wrong, and that's an obligation that not everyone working in data science will have. So, for an employer that is very conscious of the risks associated with data analytics and ethics, having actuaries involved I think brings, I hope, a different level of thought and ethical consideration to what we're doing.

**JL:** Because we're bound by that Code of Conduct.

**ST:** Correct.

**JL:** Yeah. Interesting. Lots of things to think about as the world continues to evolve and at such a rapid pace too, that we're making sure that we're thinking about the ethical dilemmas that we're facing in those new situations as well. So, it's important for us to have a bit of a toolkit to tackle that. So, can you talk us through what actuaries can do to improve their ethical decision-making?

**ST:** Absolutely, and this is where I put on the hat of Chair of the Professionalism Committee because absolutely one of our roles is to make sure that we provide the tools and means for the profession to continue developing. When you think about 10, 15 years ago, we tended to talk about ethics at one point during our professional career, which was at the Professionalism Course.

**JL:** That's right.

**ST:** A really good two-hour session, if I say so myself, but nonetheless, two hours out of a career doesn't an ethical person make. So, what's really important is that good ethical decision-making and thinking is a skill just like any other skill, and it gets better with practice.

**JL:** Right, okay.

**ST:** So, we can all practice ethical decision-making in small ways, in a way that keeps ethics front of mind for us, and make sure that when those uncertain situations come up where there may be an ethical element to it, we're much more likely to twig to it and realise that there's an important issue that needs deeper consideration.

**JL:** Okay, so how do we exercise that muscle?

**ST:** How do we do that? One is quite literally just discussions like this.

**JL:** Right.

**ST:** If people are reminded about their ethical obligations more often, it is more front of mind. One of my favourite stories about psychology experiments is a situation where a university was doing a study and they gave people a test and they ran a bunch of students through this test where it was self-marked, so they were able to tell that there was an opportunity in the process to cheat essentially and report your mark as being better than it was.

**JL:** Right, okay.

**ST:** And they were able to work out whether people did lie about their, did improve their mark. So, they ran a bunch of people through this test and got a certain set of results about the proportion of people that lied about the outcomes. And then they did it again. But at the start of the test, they reminded the university students that they were conducting, that they were participating in this test

under the university code of conduct and that they had obligations to act honestly and truthfully. And lo and behold, less people cheated, simply by a reminder that we have ethical obligations.

**JL:** Just by reminding them.

**ST:** And the second part I love about that story is that in actual fact, there was no code of conduct.

**JL:** Wow, just the word...

**ST:** So just the idea of an additional obligation made people less likely to lie.

**JL:** Wow. That is really fascinating.

**ST:** The more that we talk about it and the more that it is front of mind, the better outcomes it will get. But beyond that, the other really good thing you can do is just conduct more activities for and do more reading and have more workshops about ethical conduct.

**JL:** Okay.

**ST:** One of the things we do in the Professionalism Committee is the Actuaries Institute licenses from the UK a number of videos every year that the UK Institute produces which lay out some ethical or professional dilemmas and they provide a great discussion. Really good issues to talk through.

And what's important, I think, is not just watching those, because we can all watch a 10-minute video and go, yeah, that's interesting, and move on. The real value comes from getting together with a bunch of other people in a room and discussing the issues afterwards. And that's valuable from a number of angles. One, if you get a bunch of different perspectives in a room, you will get a bunch of different answers and views on the different situations. I've run workshops where I've been quite surprised at the diversity of the breadth of views from a collection of people in the same profession about what the right outcome is in a different situation.

**JL:** Yeah right. And so, by hearing other people's perspectives, what does that do?

**ST:** It simply challenges our own immediate internal view and opens us up to the idea that maybe there is a broader spectrum of perspectives. That's not necessarily to say that your view is wrong, and the others is right or vice versa. But when someone says, no, no, I think the appropriate action would be this instead, you can have a discussion about why. Why do you think that? What are your reasons?

**JL:** Yeah, what haven't I thought about? Or what else are you bringing to this thinking?

**ST:** Yes.

**JL:** Yeah, that I've missed, yeah.

**ST:** And what you might learn is not that you agree with the other person because you've changed your view or something like that, but you might learn that they're coming at it from a very different perspective than you. They're thinking about a different stakeholder or they're thinking about a different outcome, or they're thinking about a rule that you haven't thought of, whereas you're thinking about the best outcome for a particular person.

And all of these are different ethical perspectives that you can take on an issue. And just by understanding the diversity of those different views, even if it doesn't change what your view is, you can at least understand the other perspective better. And it means that if someone was to then ask you to write down what, why you believe that your view is right, you're forced to also consider those other perspectives and say, well, this thing outweighs that thing for these reasons, because I'm applying this lens and one person might give more weight to a rule or a law than another person who might give more weight to the benefit to a particular person or fairness or give more weight to some other factor that you haven't thought of.

**JL:** Yeah.

**ST:** So, it forces you to weigh those up and consider it more explicitly.

**JL:** Sounds like it would kind of give you more data to strengthen your decision. So, whether it's giving you other things to justify why you think that's the right thing to do, maybe it's giving you other things to actually change what you think needs to be done because there was something you hadn't thought of, so.

**ST:** 100%, yeah.

**JL:** Yeah, powerful.

**ST:** And interestingly, that is, that process that I just described is exactly the process that we use with kids in primary school.

**JL:** Right.

**ST:** It's called a community of inquiry, which is a philosophical approach, and to sit people in a circle and get them to express their views, but then ask them to elaborate and explain why, so that other people are hearing their why, and then they get to give their counterpoint of what their view is, and also why.

**JL:** Okay.

**ST:** So, it broadens everyone's understanding of the different ethical perspectives.

**JL:** Yeah, interesting. So, this could be a useful activity for teams to undertake then to watch one of those videos together and, you know, bounce different perspectives and ideas about what needs to happen. And I think that you've written an article that kind of is a bit of a "how-to" haven't you?

**ST:** So, I was about to allude to exactly that. Yeah, there's an article on Actuaries Digital about running these types of sessions for your own team. You don't need an expert, you don't need a third party to come in and run this, you can simply have your team get together, watch one or two of these videos and have a good discussion around it.

**JL:** Great.

**ST:** And as long as you have someone appointed as the role of facilitator who can ask those questions of why and prompt more discussion, it's a really easy way to get effectively a good bit of ethical training, which would count as part of your five CPD points that you have to complete each year on professionalism training. It's an easy way to get that done in a way that's much more interesting than just reading a text or watching the videos by yourself.

**JL:** Yep, sounds like a very valuable process, so we'll link to that article as well. Okay, so we've talked about how you have developed this interest in ethics, we've talked about the types of ethical dilemmas that actuaries can face and that it's something that we all need to be mindful of, no matter where we are on the career continuum.

We've talked a bit about some future considerations around ethical dilemmas, and you've also talked about how we can practically build our muscle, our ethical thinking muscle through activities and talking to each other in that community of inquiry that you've discussed. So, some really, really great insights there, Stu. So, I've got a final question for you before we wrap up and it's this, what advice would you give to actuaries who find themselves in an ethical dilemma?

**ST:** So, there's a few things you can do to help work through your ethical thinking. First, and probably the most important, I think, is consult. Talk to other people. It's really hard to work through an ethical issue by yourself. No one should have to do that. So, find a peer, find a colleague, find a mentor, or someone that you feel like you can share this issue with to talk it through. Not because they're going to give you an answer, because you can't expect another person to solve, to have a definitive answer for you necessarily, but because it will one, force you to articulate the nature of the issue and why you're stressed about it, what the tension is that is causing the concern.

And most likely, they will ask questions that force you to build on your own reasons and thinking or what the potential options might be. They might do nothing more than ask questions and provide counterpoints and provide some internal points of view. But that might start to provide you with enough information to build a sense of what you believe is the right answer. It doesn't have to be just one person. In fact, it's probably better if it's multiple people. Groups of people on issues like this, groups of people are much more likely to get a better answer than small groups of people who have been by yourself. So, I would strongly encourage consulting with others. There are, of course, reference points that you can also use. The Code of Conduct itself is very short. It's only two and a half, three pages.

**JL:** Yeah.

**ST:** But there is a 50-page supplemental set of Code of Conduct guidance material. Now, that's not something that we expect anyone to sit down and just read cover to cover.

**JL:** No.

**ST:** But once you've got an issue, if you're thinking about it in the context, if it's a professional issue and you're thinking about it in the context of the Code of Conduct, that's a great resource just to, again, it won't give you a right or wrong answer, but it may give you questions and prompts to think about how your issue fits into the obligations of the Code of Conduct. And so that is a good way to just find further means of exploring the issue that you're dealing with.

**JL:** Yeah.

**ST:** And the third thing I mention is force yourself to articulate your reasons, which is what we talked about before.

**JL:** Your justification for that decision.

**ST:** Your justification. Trying to take as broad a lens to it as possible so that you're not just focused on one stakeholder or one point of view, that you're thinking about multiple points of view and multiple reasons for factors to consider about why you might want to adopt the approach you're adopting. When we used to do the Professionalism Course, I used to talk about having three very broad, very broad dimensions to think about. One of them is what are the rules that I'm working in? what are the constraints, whether that's the law or policy or compliance requirements or regulatory requirements. They will provide you the framework that you need about what you're allowed to do. Another angle is to think about outcomes.

So, think about your variety of stakeholders, whether it's customers, shareholder, intermediaries, regulators, anything else. And lastly, but perhaps most importantly, think about it from the perspective of what values are you wanting to demonstrate in making this decision, both personally, what values do you personally want to represent, if someone was looking at this decision, but also your organisation and especially your profession, because we are actuaries who are representing our profession. People expect a certain type of decision making from us.

So, would this look like it is meeting the requirements of our Code of Conduct, and would it meet what's expected of our profession? And so that is, by taking that approach, you're forced to articulate in a really comprehensive way why you think you're doing the right thing. And really importantly, if some of the, if one of the answers that you're coming up with is because that's what the rules say, and that's your only answer, that's not a good answer.



**JL:** Well, this is how we've always done it.

**ST:** Or this is how we've always done it is also a bad answer. And so is because I was told to.

**JL:** Yeah, yeah.

**ST:** And so is because this is what everyone else does.

**JL:** Yeah.

**ST:** None of those are great reasons to be putting forward.

**JL:** Yeah, they're not strong arguments. So, OK, faced with an ethical dilemma, the first thing is to don't try and solve it on your own, but to find other people who can act as a sounding board, not to tell you what to do, but to maybe prompt some new thinking and to help you process what you're thinking about that. Then to look at what are the outcomes of your stakeholders, what would they expect and thinking broadly about that and thinking about the regulations and the requirements and the reference points that we have, so the Code of Conduct and also what our personal and professional values are as part of that decision so that we can justify our decision and feel like we can sleep at night and that we're comfortable with the decision that we've made and we stand by it.

**ST:** Absolutely.

**JL:** Yeah. Some great, great advice there today, Stu. Thank you for that. I'm sure that will be very helpful, and we'll link to your article and the how-to guide for teams to come together and practice their ethical muscles, strengthen their ethical muscles so that as actuaries we can make good ethical decisions at work that we can live by.

**ST:** Absolutely. That's great.

**JL:** Thanks so much for your time, Stu.

**ST:** Thank you so much, Julia.