Teaching ethics to actuaries

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ABSTRACT

The objective of this paper is to consider whether the Actuarial Society of South Africa is doing enough to ensure that actuarial students in South Africa receive an effective education in ethics. The need for ethics education in the professions is articulated. To provide a benchmark for the Actuarial Society, the ethics education required by other professions (the medical, engineering and accounting professions in South Africa, as well as the international CFA Institute) is considered. The research into normative capability training by the Actuarial Society, which resulted in the development of new Actuarial Professional Practice programme, is outlined. The difference between personal ethics and business ethics is considered. Three purposes of ethics education are discussed, namely cognitive competence, behavioural competence and managerial competence, with emphasis on the importance of cognitive competence. A view on how case studies may be used to embed ethical behaviour into actuarial education is discussed. The paper concludes with an appeal to the actuarial profession to review the quality of the ethics education of actuaries in South Africa. It is suggested that the actuarial education should aim to improve both the cognitive competence and behavioural competence of our actuaries.

KEYWORDS

Professions; actuarial education; normative capabilities; ethics; business ethics; cognitive competence; behavioural competence

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1. OUR PROFESSIONAL PROMISE

1.1 The Actuarial Society's aspirational Code of Professional Conduct[1] adopted in 2012, takes as its starting point the Professional Promise of what professionalism means to an actuary:

Members are expected to render quality services to their clients through:

— *the application of specialist and up-to-date actuarial knowledge and expertise;*
— *the demonstration of ethical behaviour, especially in doing actuarial work; and*
— *the member's accountability to the Society for professional oversight.*

This professional promise requires that in terms of values and behaviour, *a member shall act honestly, with integrity, competence and due care, and in a manner that fulfils the profession's responsibility to the public.*

1.2 The actuarial training required and provided by the Actuarial Society to ensure that actuaries have the necessary actuarial knowledge and expertise has always been of a high quality. In respect of providing the normative capabilities to ensure that actuaries can meet the requirements for professional conduct, great strides have been made in developing the new Actuarial Professional Practice (APP) programme. In terms of specific ethics education, however, not much is included in the training required by the Actuarial Society.

1.3 The purpose of this paper is to argue that the Actuarial Society should do more about teaching ethics and business ethics in the professional education of actuarial students and actuaries, to ensure that our members will have the knowledge and capability to meet our professional promise in this regard.

2. VOICES FOR ETHICS EDUCATION IN THE PROFESSIONS

2.1 Former president of Harvard, Derek Bok, articulated the advantages of ethics education in the professions very well some five decades ago. He believes that "with the help of carefully selected readings, students can develop their capacity for moral reasoning. Prospective lawyers, doctors, or businessmen may set higher ethical standards for themselves if they first encounter the moral problems of their calling in the classroom instead of waiting to confront them at a point in their careers when they are short of time and feel great pressure to act in morally questionable ways" (Bok, 1976).

2.2 The International Actuarial Association (2012) state that the consensus view of actuarial associations worldwide is that ethical behaviour must be explicitly incorporated in any definition of professionalism.

1 www.actuarialsociety.org.za/Portals/2/Documents/CodeOfProfessionalConduct-2012.pdf

2.3 The preface of *Ethics for Accountants and Auditors* states that it is to their great credit that professional bodies understand the need for their profession to be governed by the highest professional standards *and have taken measures to foster this*. It states that "the [accounting] profession in this country has taken a very important further step by requiring that students complete a course on applied ethics relevant to accountancy and auditing… as an ethical grounding for their work and personal lives.… All of us will benefit from a deeper and wider understanding of the great practical ethical issues that face citizens and professionals" (Kretzschmar et al., 2012).

2.4 In a discussion paper on actuarial quality, the Financial Reporting Council (2009) in the UK identifies communication and ethics as 'key drivers' of actuarial service of quality. The FRC also emphasises the importance of education in the development of these capabilities and values.

2.5 In a paper to the Institute of Actuaries of Australia, Anthony Asher (2015) states that "there is widespread discomfort at the state of ethical behaviour in the finance sector particularly, with blame partly being apportioned to the education provided by business schools". He believes that "while there is agreement about the need for professional ethical education, there is much confusion and some disagreement about its content". The purpose of this paper is to encourage agreement in the Actuarial Society about the need for ethical education, and to provide suggestions about its content.

3. NORMATIVE CAPABILITIES AS PART OF THE ACTUARIAL EDUCATION

3.1 Since 2010 the Actuarial Society has offered its own actuarial education, which had previously been provided by Faculty & Institute of Actuaries (F&IA) in the United Kingdom (UK). The initial technical subjects are normally obtained by completing an actuarial degree at university (typically a three-year degree plus a one-year honours). Students thereafter sit the fellowship examinations provided by the Actuarial Society via distance learning, typically while being employed as actuarial trainees.

3.2 Up to 2015, students had to attend a two-day Professionalism Course after completing the technical skills examinations, before being accepted as a Fellow of the Actuarial Society. The course was a localised version of the normative education course of the F&IA and included topics such as professionalism, disciplinary procedures and continued professional development, as well as some case studies concerning ethical issues.

3.3 In research commissioned by the Actuarial Society aimed at curriculum planning for the normative component of the South African actuarial qualification post 2010, Lowther, McMillan and Venter (2009) convincingly argue the need for developing

normative capabilities and values in the actuarial profession. To provide insight into current practice in normative education in professions locally and internationally, the authors consider documentary evidence regarding professional education in the actuarial, accounting, law and medical professions in the English-speaking world. The paper examines three themes, namely the intended purpose of a normative education programme, the range of capabilities and values to be developed, and educational 'best practice'.

3.4 Lowther, McMillan and Venter (2009) identify a range of normative capabilities and values that actuaries may need. These are grouped into different clusters, namely, life skills, interpersonal, communication, business management, ethical and professional clusters. The authors admit that certain normative elements will be of greater importance depending on the role of the actuary, but that it should be possible to identify a minimum set common to all roles. The authors found clear evidence that normative capabilities and values are being developed in the actuarial profession worldwide, but less evidence of a systematic mapping of capabilities and values to the goal of the education programme.

3.5 To ensure that normative capabilities form an integral part of the skill set of a professional actuary, the new Actuarial Professional Practice (APP) programme is being developed by the Actuarial Society.[2] The programme places more emphasis on experiential learning to ensure competency and sustainability in the normative skills. The Core APP course, which is currently being implemented, is the main course of the normative skills programme. It is to be taken over a period of two years while the actuarial trainees are doing their fellowship subjects. It will consist of four workshops totalling six days and will be linked to work-based development. The normative skills will include communication skills, (such as writing, presentation and debating skills), business management skills (such as strategic skills and regulatory knowledge), life skills (such as time management, planning, research and managing diversity) and professional and ethical practice.

3.6 Still to be developed is a Preliminary APP to be provided by universities, not as a course, but included in the curriculum within other subjects. A Fellowship APP course, meant to deepen and broaden the normative skills development of qualified actuaries, will be introduced in 2017.

3.7 Lowther and McMillan (2006) distinguish between capabilities (e.g. the ability to negotiate) and values (e.g. ethics and integrity). While many additional normative capabilities have been included in the Core APP, the professionalism and ethics content seems to be substantially the same as it was in the old Professionalism Course.

2 www.actuarialsociety.org.za/StudentZone/Educationalrequirements/NormativeSkills.aspx

The APP is called a 'normative skills' programme (in spite of the stated preference by Lowther, McMillan and Venter (2009) for the term 'capabilities') and it currently does not include a significant 'value' component. The total time allocated to professionalism *and* ethics in the Core APP course is less than 10 hours. While there is some overlap between issues of professionalism and ethics they are not the same, and the focus in the APP is more on professionalism.

3.8 In my opinion, teaching ethics should be a matter of education, aimed at developing an understanding of ethics and ethical issues, an ethical thinking ability, attitude and behaviour pattern, thereby deepening the mind-set of the student. This cannot effectively be achieved by treating ethics as an element of a relatively short normative skills training programme.

4. ETHICS EDUCATION IN OTHER PROFESSIONS

4.1 As a yardstick for the Actuarial Society, the ethics education required by the governing bodies of the medical, engineering and accounting professions in South Africa are considered in some detail, as well as the international Chartered Financial Analysts (CFA) Institute. The compliance to the requirements of the professional bodies by the respective faculties at Stellenbosch University is described in some detail, with comparative references to other universities.

4.2 The Medical Profession

4.2.1 In 1999 the World Medical Association recommended that teaching medical ethics and human rights should be an obligatory course in medical school curricula worldwide. The Health Professions Council of South Africa (HPCSA) subsequently issued a directive to medical schools to reinforce the need for ethics education, but without prescribing curriculum content.

4.2.2 The HPCSA wants healthcare practitioners to have a life-long commitment to sound professional and ethical practices, and it provides extensive ethical guidelines to practitioners. Thirteen core ethical values related to the healthcare professions are explained, which include respect, human rights, autonomy, integrity, truthfulness, confidentiality, compassion, tolerance, justice and competence. Sixteen booklets provide detailed ethical guidance on topics such as over-servicing, perverse incentives, biotechnology research, informed consent, confidentiality and canvassing of patients.

4.2.3 The Centre for Medical Ethics & Law was created to provide ethics education to the medical students at the University of Stellenbosch. Their MBChB degree includes two introductory ethics modules in the first and second years, with a comprehensive three-week module on bioethics[3] in the fifth year, including a written examination.

3 MBChB V Phase II – Theoretical Modules Ethics 64602 511

Specific topics include moral perspectives on human enhancement, clinical dilemmas, informed consent, confidentiality, truth-telling, being good versus doing good, paternalism, first do no harm, legal-, rights- and distributive justice, termination of pregnancy, euthanasia, genetic testing and cloning.

4.2.4 The Centre is headed by a full-time professor and uses the services of 18 medical professors and other academics to provide the lectures. Almost 80 hours of ethics lectures and group work are provided. The Centre has produced a comprehensive handbook, *Medical ethics, law and human rights,* providing "a roadmap of key ethical issues posed by the practice of medicine and the economics and politics of healthcare delivery" (Moodley, 2011).

4.2.5 Similarly, the Bioethics Centre at the University of Cape Town is responsible for bioethics teaching in the MBChB programme. Their stated aim[4] is "to promote understanding that ethics is not merely a matter of opinion … Students are introduced to rigorous ways of thinking critically … about what ought to be done in difficult situations, by moving from a theoretical introduction and … principles towards selected practical problems". At the University of Witwatersrand, the Steve Biko Centre for Bioethics fulfils a similar role.

4.3 The Accounting Profession

4.3.1 The South African Institute of Chartered Accountants (SAICA) controls the training of charted accountants in South Africa and provides detailed guidance for universities which prepare students for the professional CA examinations.[5]

4.3.2 In addition to the technical accounting competencies, SAICA requires responsible leadership qualities. These consist of ethical behaviour and professionalism; personal attributes; and professional skills. In exercising professional judgement, candidates must be taught how to use an ethical reasoning process, protect the public interest, act with integrity, work competently and with due care, maintain objectivity and independence, avoid conflict of interest, protect confidentiality, maintain the reputation of the profession, and adhere to laws, standards and rules.

4.3.3 The Competency Framework includes a detailed *Guidance on the teaching of ethics* with a prescribed curriculum for a semester course on business and professional ethics, for the second or third year of undergraduate studies. The course provides an introduction to applied ethics, covering the nature of ethics, the important ethical theories (Kantian ethics, utilitarianism and virtue ethics), specific value systems (Jewish, Christian, Islamic, African and other) and ethical decision-making strategies.

4 www.bioethics.uct.ac.za/teaching-1/#sthash.IQW5usJB.dpuf
5 SAICA Competency Framework. Detailed Guidance for the Academic Programme. Version8/2014

The business ethics covers macro issues (e.g. profit, competition, the environment, wealth and poverty), business-related issues (e.g. stakeholder theory, corporate social responsibility and corporate governance), management ethics and the main ethical issues in the accounting profession. A study of the professional Code of Conduct of SAICA is taken in the fourth year.

4.3.4 SAICA suggests a business ethics course for the accounting students consisting of 48 lectures, with a total lecture time of about 40 hours. At the University of Stellenbosch the course is provided by the Centre for Applied Ethics. The handbook by Kretzschmar et al. (2012) was written to cover the prescribed content.

4.4 The Engineering Profession

4.4.1 The Engineering Council of South Africa (ECSA) defines their educational requirements for a Bachelor of Engineering degree at university in a *Qualifications Standards* document.[6]

4.4.2 ECSA does not specify detailed curriculum content but defines ten 'exit-level outcomes', concentrating mostly on technical engineering aspects. Two of the outcomes have some social and ethical bearing, by requiring a "critical awareness of the sustainability and impact of engineering activity and the economic, social, cultural, environmental context" and a "critical awareness of the need to act professionally and ethically and to exercise judgement and take responsibility within own limits of competence".

4.4.3 At the Engineering Faculty of Stellenbosch University, the BEng curriculum includes a compulsory semester course *Philosophy and Ethics* for all fourth year engineering students.[7] The Social Philosophy module covers the classical theories of the nature of society, the individual in society, social justice, distributive justice, individual freedom and social equality, and is based on the philosophy of Aristotle, Hobbes, Locke, Rawls and Nozick. The Applied Ethics module provides insights into moral principles, basic ethical theories and important ethical concepts. The course consists of a total of 35 hours of lecture time, of which about 20 hours cover ethics-related matters.

4.4.4 The University of Cape Town, on the other hand, does not require any specific ethics course from their undergraduate engineering students, although reference may be made to ethical issues in some of their core curricula subjects. Philosophy courses are available to engineering students as electives.

6 www.ecsa.co.za/education/EducationDocs/E-02-PE_Whole_Qualification_Standard_r4.pdf
7 Philosophy & Ethics 474, Department of Philosophy, University of Stellenbosch.

4.5 Chartered Financial Analysts (CFA)

4.5.1 CFA is an internationally recognised qualification in the investment world, provided by the CFA Institute in the USA. Although it would not qualify as a profession on the definitions provided by Bellis (2000), it is included here since many actuaries work in investments and are well acquainted with the qualification.

4.5.2 In the curriculum of all three CFA study levels, the first topic (of six) is Ethical and Professional Standards. The CFA Standard of Professional Conduct[8] is comprehensive, drafted largely in terms of compliance-based "must do" rules, which rely on external motivation. The seven standards are professionalism, integrity of capital markets, duties to clients, duties to employers, investment analysis, conflict of interest and responsibility to the CFA Institute.

4.5.3 Under each standard a number of issues (e.g. "objectivity") are discussed in detail, providing a recommended procedure for compliance. The application of each issue is treated in numerous short case studies – in total more than 170 such detailed case studies. The CFA Institute guidelines require about 75 hours of study for the Ethical and Professional Standards modules, which comprise about 10% of the total study material.

4.6 In Comparison with the Actuarial Profession …

4.6.1 Ethics in the medical profession is a high priority for the HPCSA and ethics education in the various medical faculties is taken seriously. This is evident from the centres for bioethics established at the universities, tailor-made ethics handbooks provided and the extensive lecture time required (80 hours at Stellenbosch). The students receive an education in ethics and bioethics aimed at both cognitive and behavioural competence (see ¶6.3 and ¶6.4).

4.6.2 The ethics course prescribed by SAICA for the accounting profession is very specific and the compliance of the various faculties is monitored annually by a detailed questionnaire. The course is aimed at providing a reasonable cognitive competence of business ethics and requires some 40 lecture hours.

4.6.3 In the engineering profession the requirement for ethics education by ECSA is not very specific and the level of attention given by the engineering faculties seems correspondingly less and varied.

4.6.4 The CFA course contains no specific macro ethics or business ethics issues. Virtually all the case studies deal with the individual behaviour required from members to comply with the CFA Standard of Professional Conduct.

8 Ethics and Professional Standards. CFA programme curriculum, Volume 1 Level III.

4.6.5 As indicated in ¶3.7, the total time allocated to professionalism *and* ethics in the Core APP course is less than 10 hours. Other professions in South Africa clearly spend more time and effort on the ethics education of their students than the actuarial profession. While quantity of time spent cannot ensure the quality or effectiveness of ethics education, it is reasonable to accept that it is a necessary condition.

5. PERSONAL ETHICS VERSUS BUSINESS ETHICS

5.1 In thinking about teaching ethics to actuarial students, a distinction should be drawn between personal ethical behaviour in business and business ethics. While ethics as a discipline has a history of more than 2000 years, business ethics (as a form of applied ethics) is a fairly young academic field. Willem Landman, former CEO of EthicsSA, comments that "the early 1970's … was the beginning of applied ethics as we know today, bringing to bear significant insights into moral philosophy… on the practical ethical dilemmas posed by human activities" (Moodley, 2011).

5.2 Where Asher (2015) suggests that virtue ethics can provide a framework to embed ethics in actuarial education (see ¶7.1), he is mainly concerned with personal ethical behaviour in business (i.e. *normative ethics).* While it is essential that actuaries should know how to act ethically, it is hopefully true that we have all been brought up with some reasonable understanding of human values, of how we ought to live, and of what constitutes right and wrong behaviour.

5.3 Assuming a reasonable level of personal morality, it may therefore be more important for the Actuarial Society that young actuaries, as potential future business leaders, should be provided with a basic knowledge of the important ethical issues, dilemmas and debates in the business world. This is what Rossouw (2004) is concerned with when he defines the area of study of business ethics as "the ethical aspects of economic activity" (i.e. *applied ethics*).

5.4 A metaphor provided by Megone and Robinson (2002) is useful to explain the relationship between the individual's own ethical judgement and knowledge of business ethics: "[It] is rather like that between a sense of direction and a map. However good one's sense of direction may be … it cannot indicate where the terrain will be rocky… or what the best route is in unfamiliar territory. But equally, without a sense of direction, the information provided by a map will be of little use. Just as a map adds to … the value of a sense of direction, so a business ethical decision model builds upon individual moral commitment."

5.5 As a starting point to any ethics education, some basic knowledge of ethics in philosophy, value systems, moral responsibility and the important various ethical theories is valuable. Asher (2013) feels that it is difficult to engage in ethical discussions about business issues without the benefit of some theoretical ethical framework.

6. THE PURPOSE OF TEACHING BUSINESS ETHICS

6.1 If the Actuarial Society should decide to include business ethics in its curriculum, it is important to consider what one wants to achieve: is the purpose to teach actuarial students to *be more* ethical, or is the purpose to teach them to *know more* about (business) ethics? The answer will determine not only *what* is being taught but also *how* it should be taught.

6.2 Rossouw (2004) identifies three possible purposes of teaching business ethics, namely to develop cognitive competence, behavioural competence and managerial competence.

6.3 Cognitive Competence

6.3.1 Gaining cognitive competence will enable students to identify, analyse, judge and evaluate ethical issues in business. Rossouw (2004) identifies five essential cognitive competencies, namely moral awareness (an understanding of the moral responsibilities within economic activity and an awareness of the important moral issues), a moral vocabulary (intellectual tools, theories, frameworks and concepts providing the ability to articulate the moral dimensions of business), moral reasoning (the ability to assess ethical matters and participate in critical moral discourse), moral decision-making (understanding the nature of ethical disputes and the techniques used in ethical decision-making) and moral tolerance (the ability to endure moral ambiguity and different perspectives and to search for clarity in moral conflicts).

6.3.2 The course in business ethics prescribed by SAICA for accounting students (see ¶4.3) is an example of a syllabus largely aimed mainly at developing cognitive competence. Given the similarities between the professions, the SAICA course could be a useful model for the Actuarial Society to consider.

6.4 Behavioural Competence

6.4.1 Developing behavioural competence should build the capacity and the willingness of students to behave morally in business, i.e. effectively building moral character. Rossouw (2004:39) identifies moral sensitivity (care about the impact of business actions on others), moral courage (the resolve to act on moral convictions) and moral imagination (the creative ability to envisage moral alternatives) as essential.

6.4.2 The virtue ethics approach outlined by Asher (2015) (see ¶7.1) is primarily aimed at using case studies to develop moral behaviour.

6.5 Managerial Competence

6.5.1 To gain managerial competence in business ethics, students must develop the ability to deal with the ethical dimensions of economic activity in organisations. Rossouw (2004) regards the following competencies as important: systemic morality

(understanding the moral constraints in organisations such as bottom-line pressure, group pressure, reward systems and culture), moral efficiency (the ability to translate ethical concerns into organisational practice), instrumental morality (the ability to turn morality into a strategic advantage for business) and moral leadership (to model ethical behaviour in the organisation and provide moral support to subordinates).

6.5.2 Developing managerial competence in business ethics would be beyond the scope of actuarial students and could ideally form part of the continual professional development (CPD) requirements of the Actuarial Society.

7. A CASE FOR VIRTUE ETHICS AND CASE STUDIES

7.1 The Institute of Actuaries of Australia is currently doing an extensive review of its educational syllabus, which may be useful for the Actuarial Society to consider. In a paper to the Institute, Asher (2015) suggests that virtue ethics could provide a coherent framework with which to introduce ethics formally into the actuarial professional education system. He explores the four cardinal virtues inherited from Plato and Aristotle, namely justice, wisdom, self-control and courage. Asher views virtue theory as a common sense approach to ethics that is effectively found in all the major religious beliefs and the professional traditions. He regards virtue ethics to be as much concerned with matters of character as with rules of behaviour (the concern of deontological theory) and ultimate outcomes (the concern of utilitarian theories).[9]

7.2 Asher (2015) proposes a framework of how both the professional and cardinal virtues could be incorporated into the subjects required by the current syllabus of the Institute of Actuaries of Australia. He considers case studies as important to encourage virtues and to develop the ethical expertise. He concludes that "if we are to develop the virtues more effectively in our students, we need to embed them more formally into the education structure". Despite the widely held view that judgement cannot be taught in the conventional sense but only developed over time, Asher (2013) believes that students can benefit from exposure to questions involving evaluative ethical judgements in university-based courses – especially in the context of case studies.

7.3 As a lecturer at the University of Witwatersrand for 14 years, Asher attempted to raise the awareness of the students about ethical issues with ethics "digressions" during core technical lectures. In 2012 Asher sent a questionnaire to some 110 of his

9 Three classical ethical decision-making frameworks are the utilitarian, deontological, and virtue ethics approaches. The utilitarian approach requires an analysis of a decision in terms of the harms and benefits to multiple stakeholders and to arrive at a decision that produces the greatest good for the greatest number. A deontological approach raises issues related to duties, rights and justice considerations and teaches the use of moral standards, principles, and rules as a guide to making the best ethical decision. Virtue ethics focuses on the character or integrity of the moral actor and looks to moral communities, such as professional communities, to help identify ethical issues and guide ethical action.

ex-students to test their views on the inclusion of ethical issues early in the educational system. Almost 100% of the students felt that ethical training should cover personal integrity and business integrity, and 73% thought that Asher's ethical "digressions" had an impact on their careers. Respondents reported receiving the most effective ethical training from their family (97%), religious faith (80%) and mentors (72%), while the professional examinations scored low (45%). (This seems to support the assumption of a reasonable level of personal morality referred to in ¶5.2). Three students volunteered that the CFA course was more effective in teaching ethics than the actuarial examinations. Asher (2013) concluded that university courses and the associated actuarial courses could fruitfully include relevant ethical issues to teach behavioural competence.

8. OPTIONS FOR CONSIDERATION BY THE ACTUARIAL SOCIETY

Against the background provided, the "five W's" questions (who, what, where, when and why) used in journalism to get the complete story on a subject, may provide a useful approach for considering the issue of ethics education of actuaries.

8.1 What should the Purpose of the Proposed Ethics Education be?

8.1.1 It is suggested that the primary purpose should be to provide a reasonable level of cognitive competence, with a basic knowledge of the classical moral theories, a moral vocabulary required for critical moral discourse, and an understanding of the important ethical issues and dilemmas in the business world. Phillips et al. (2004:10) identify four broad themes as cornerstones of an ethics education curriculum in business schools, namely: the responsibility of business in society; ethical decision-making; ethical leadership; and corporate governance.

8.1.2 Developing behavioural competence is more difficult but no less important, since knowledge of ethics means little without the willingness to act on moral convictions. This paper does not consider the thorny question of whether students can actually be taught to *be* more ethical. In a survey of business ethics education, Schoenfeldt, McDonald and Youngblood (1991) concluded that the indicators of ethics education effectiveness were mixed. One study found no significant difference between the responses to ethical dilemmas by senior students exposed to ethics education and those who were not. Another study, however, revealed that students of an elective ethics course had heightened ethical opinions ten years after the course's completion.

8.1.3 Asher (2015:11) agrees: "The education requires not only cognitive development, but the development of a proper appreciation of the virtues. There is no point in giving knowledge unless students are both willing and able to critically evaluate and apply it".

8.2 Who should provide the Education, and Where?

8.2.1 In terms of educational best practice, Lowther, McMillan and Venter (2009) found that normative education should ideally be undertaken collaboratively by actuaries and normative experts. They state the advantage of teaching normative values as an individual subject is that subject experts who are best equipped to do so, would design and implement the programme. However, if the values are not integrated into the professional field in which they will be used, then students may fail to understand the relevance of what they are learning.

8.2.2 To achieve a reasonable level of cognitive competence in business ethics would require a structured course. The most effective approach would be if the universities could make an ethics course a required component of their actuarial degree (similar to what is done in the medical, accounting and engineering professions). The actuarial faculty should be able to enlist the expertise of the ethics department at the university for this purpose.

8.2.3 To develop the behavioural competence of students, the approach suggested by Asher may be considered: including appropriate ethics case studies for discussion in the technical actuarial courses would make ethics more relevant and expose the students to a wider range of views of different teachers. The Actuarial Society could coordinate the availability of appropriate case studies to the various actuarial faculties.

8.2.4 The recommendation for teaching normative capabilities by Lowther, McMillan and Venter (2009) can be stated in terms of ethics as follows: "Universities will need to plan for collaborative teaching by actuaries and [ethics] experts, including the sequential integration of [ethics] into the technical subjects that are taught at undergraduate level."

8.2.5 The suggestions above imply that the proposed Preliminary APP referred to in ¶3.6 should have a substantial ethics component and that the Core APP may not the ideal place for teaching ethics.

8.3 When is the Best Time for Ethics Education?

8.3.1 In terms of educational best practice, Lowther, McMillan and Venter (2009) state that normative education should ideally take place throughout undergraduate and professional life. The literature indicates that components of all normative capabilities and values required by the graduate actuary should be taught from the first year as an undergraduate at university, and not left to the years immediately prior to fellowship.

8.3.2 There is anecdotal evidence from Stellenbosch University that second-year accounting students may not sufficiently appreciate the course in business ethics as prescribed by SAICA. On the other hand, fifth-year medical students respond very

positively to a three-week bioethics course (having done introductory ethics modules in the first and second years). The philosophy and ethics course for the engineering students is also done in their final year.

8.3.3 The approach of the medical school may be worth emulating, namely, to include an introductory ethics module in the first year of undergraduate study, followed by an adequate course in business ethics later, e.g. in the honours year. If case studies aimed at behavioural competence are to be embedded in the technical undergraduate courses, a first-year introductory ethics course would also help provide context.

8.3.4 It is inspirational to note that when John Meiklejohn completed his English translation of Kant's *Critique of Pure Reason* in 1854 (still considered the standard English text), he was only eighteen![10]

8.3.5 The issue of ethics education as a part of CPD is not addressed in this paper, apart from the suggestion that managerial competence in business ethics may be included in CPD. The design of the Fellowship APP referred to in ¶3.6 may take this into consideration.

8.4 Why should the Actuarial Society be concerned about the Ethics Education of Actuarial Students?

The objective of this paper is to answer this question by convincing the Actuarial Society that the current ethics education of actuarial students is limited. The paper is intended as an appeal for consideration and action by the Actuarial Society.

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10 Immanuel Kant, *Critique of Pure Reason*. Everyman's Library no 909 cover sleeve.

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