

Standards of Best Practice, Conduct & Ethics



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This document has been prepared by the members of the PRMIA Ethics Committee.

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Basic Statement: It is the duty of every PRMIA member to know and abide by standards of conduct that reflect positively on our profession, instill confidence from our colleagues and employers and that are consistent with local rules, regulations and cultural standards.

I. Purpose of Professional Standards

Proper risk assessment can often produce results that are not popular with interested parties. Proper risk assessment can also require adaptation of established methodologies and new approaches, due to any number of the factors involved in risk assessment.

The fact that the risk professional may be a bearer of bad news, and must exercise personal judgment in producing and interpreting results, requires the highest standard of personal and professional conduct.

This document sets out minimum qualifications and conduct standards for risk professionals. These standards will promote the highest levels of ethical conduct and disclosure with respect to methods of analysis. The members of PRMIA believe that these standards will provide direction and support for both the individual practitioner and the risk management profession.

This document makes references to Professional Standards and Generally Accepted Risk Management Practices. Risk practitioners should understand these as concepts that reflect the changing and growing, shared body of professional standards and practices. The risk professional may create original approaches and solutions, due to new analysis or some constraints. When possible, new approaches and solutions should be subject to peer review. When peer review is not possible, PRMIA member must consider how other qualified risk professionals would view this new work, in terms of Professional Standards and Generally Accepted Risk Management Practices.

It is the duty of every PRMIA member to know and abide by these standards and the applicable local rules and regulations. When local rules and regulations conflict with these standards, the PRMIA member must respect local rules and regulations.

II. Guidance on Best Practices

Best practices for risk managers are a minimum set of guidelines for which each PRMIA member should be expected to be accountable.

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A. Basic Knowledge

The PRMIA member must possess the required skills and/or certification (or be under the proper supervision of a qualified practitioner) to complete the risk assessment/management work at hand. If the member does not possess the required skills and/or certification, the member must inform the appropriate supervisor.

B. Rules and Regulations

The PRMIA member must be well versed in all rules and regulations applicable to the processing and presentation of risk assessments (or be under the proper supervision of a qualified practitioner). If the member is not sufficiently well versed in the applicable rules and regulations, the member must inform the appropriate supervisor.

C. Generally Accepted Risk Practices

The PRMIA member must be familiar with current generally accepted risk practices. The member should document the member's methodology and note any relevant departure from generally accepted risk practices.

D. Advances in Risk Management

The PRMIA member should recognize the value of disseminating improvements in risk management methods and/or theory to the widest professional audience, and the value of validation by peers.

E. Honesty and Integrity

The PRMIA member must act with honesty and integrity. The PRMIA member must not engage, and should discourage other members from engaging in, activities that are illegal, dishonest or intended to deceive others. The member should avoid any actions that will reflect badly on the risk management profession.

F. Diligence

The PRMIA member should execute all services with diligence.

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G. Independence

The PRMIA member should perform all work in a manner that is independent from interested parties. The PRMIA member should collect, analyze and disseminate risk information with the highest level of professional objectivity, and endeavor to work in a manner that would be deemed appropriate by an independent properly qualified risk practitioner.

III. Guidance on Professional Conduct

Professional conduct by a risk manager is consistent with a minimum set of guidelines described below, for which each PRMIA member should be expected to be accountable.

A. Rules and Regulations

The PRMIA member must know and abide by applicable rules and regulations. When there is an apparent or actual conflict between governing rules and regulations the member should inform the appropriate supervisor and seek qualified advice.

B. Clarity and Accuracy

The PRMIA member should provide risk management services and advice that are clear and accurate. The member's work should always reflect the highest standards of the profession.

C. Suitability

The PRMIA member must understand the needs and sophistication of the employer or client, and should provide appropriate and suitable risk management services and advice.

D. Presentation of Results

The PRMIA member must be exceptionally vigilant about not overstating the accuracy or certainty of the results or conclusions. The member must attempt to indicate the "gray areas" in the results and conclusions.

E. Disclosure of Limits

The PRMIA member must clearly disclose the relevant limits of the member's specific knowledge and expertise concerning risk assessment, industry practices and applicable laws and regulations. The member should clearly state the limits of applicability of the member's services.

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F. High Level of Professionalism

The PRMIA member must endeavor, and encourage others, to operate at the highest level of professional skill. The PRMIA member should always continue to perfect the member's expertise.

G. Supervision of Others

The PRMIA member must ensure that the work performed under the member's supervision is of the same quality as the member's own work.

H. Departure from Accepted Practices

The PRMIA member should clearly indicate any departure from generally accepted methodology or practices.

I. Conflicts of Interest

The PRMIA member must clearly inform all affected parties of any apparent or actual conflicts of interest. The member has a positive obligation to promote the interests of all relevant constituencies.

I. Confidentiality

The PRMIA member must respect and protect the confidentiality of their work and their employer or client. The PRMIA member must not use confidential information for personal gain.

IV. Guidance on Ethical Behavior

Ethical conduct by a risk manager is consistent with a minimum set of guidelines described below, for which each PRMIA member should be expected to be accountable.

A. Personal Behavior

The PRMIA member must act professionally, ethically and with integrity in all dealings with employers, existing or potential clients, the public, and other risk practitioners.

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B. Responsibility

The PRMIA member should take responsibility and credit for the member's work, but not for that of others. Proper citations should be made where appropriate, when utilizing methods directly attributable to others.

C. Judgment and Independence

The PRMIA member must exercise reasonable judgment in the provision of risk services, while maintaining independence of thought and direction.

D. Use of Risk Services

The PRMIA member must strive to ensure that the member's risk management services are not used to mislead or misrepresent. The member must take reasonable precautions that the member's services are not used for improper, dishonest, fraudulent or illegal purposes.

E. Respect Laws and Regulations

The PRMIA member must respect all applicable laws and regulations, and avoid any actions that are, or may have the appearance of being, illegal or unethical. The PRMIA member should avoid actions that reflect badly on PRMIA or the risk management profession.

F. Respect for Local Customs

The PRMIA member should endeavor to be cognizant of all cultural differences regarding ethical behavior and customs, and to avoid any actions that are, or may have the appearance of being unethical according to local customs. If there appears to be a conflict or overlap of standards, the PRMIA member should always seek to apply the higher standard.

V. Guidance on Conflict Resolution

A. Assessment

The PRMIA member should carefully assess an apparent conflict with or violation of these standards. If in doubt the member should seek advice from a qualified party, being mindful of legal and confidentiality requirements.

B. Resolution

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The PRMIA member should attempt to resolve any dispute, conflict, or violation in the most direct and efficient manner appropriate, being mindful of the legitimate rights of all parties concerned.

C. Escalation

The PRMIA member should not hesitate to escalate a conflict or violation, if the member deems it appropriate. However the member must be cautious and thorough in any such determination.

VI. Conclusion

Professionalism, integrity, disclosure and transparency are fundamental characteristics of a Professional Risk Manager. Through professional conduct, consistent with industry best practices and combined with ethical behavior, PRMIA members will distinguish themselves. The guidance above should ensure that a PRMIA member's actions reflect positively on our profession, instill confidence from our colleagues and employers and advance risk management.