

**GROUPE CONSULTATIF DES ASSOCIATIONS D'ACTUAIRES
DES PAYS DES COMMUNAUTES EUROPEENNES**

**CODE OF PROFESSIONAL CONDUCT
FOR ACTUARIES IN EC COUNTRIES**

**COMMON PRINCIPLES
ACCEPTED BY THE ACTUARIAL ASSOCIATIONS
AFFILIATED TO THE GROUPE CONSULTATIF**

The national Associations of actuaries affiliated to the Groupe Consultatif have agreed that this Code shall apply to all full members of the Associations, and that the national Codes of Conduct shall contain the substance of the principles defined in this common Code of Conduct.

Any Association may adopt rules which have the same effect as the rules prescribed herein, although expressed in different words; and any Association may adopt rules additional to the ones prescribed herein, or guidance notes relevant to certain professional areas, provided such rules or notes do not conflict with any prescribed in this Code.

The definition of "full member" is the same as that notified by each Association for the purposes of the Agreement of April 1991 between the Associations concerning the recognition by each EC Association of members of the other EC Associations.

The Code shall also be adopted by any national Association of actuaries applying for membership of the Groupe Consultatif in future. Such Association shall define "full member" for the purposes of mutual recognition and for this Code of Conduct.

The exact definition of "actuary" is left to the Associations.

The Associations affiliated to the Groupe Consultatif shall establish appropriate Codes of Conduct, consistent with the Code of Conduct described herein, for their other categories of members who do not qualify as full members.

In order that an Association can enforce this Code of Conduct it is necessary for the Association to include in its rules appropriate disciplinary procedures, which are consistent with the legal system of the Member State of the Association, and which include the right of appeal to any judgement passed.

This Code states the professional standards by which the actuary is expected to abide. It is the professional responsibility of the actuary to know the current version of the Code.

1. An actuary shall perform professional services with integrity, skill and care. He shall fulfil his professional responsibility to his client or employer and shall not act against the public interest.

[Note:

In this Code no distinction is made between the various subsets of actuaries (consultants, actuaries serving companies or pension funds etcetera).
The word "client" always refers to the person or institution "consuming" the services of an actuary or the services of the firm or company for which the actuary is working.
"Employer" refers to the situation where an actuary is employed by an insurer or other institution.]

2. An actuary shall act in a manner to uphold the reputation of the actuarial profession. He shall avoid publicity that might lead to undue or unfair professional advantage, that cannot be substantiated or that is of a misleading nature.

3. An actuary shall perform professional services with courtesy and shall co-operate with others serving his client or employer. He must treat client information with confidentiality.
4. An actuary shall perform professional services only if he is competent and appropriately experienced to do so.

[Note:

This Code of Professional Conduct shall apply to all full members.

It may be necessary to develop Guidance Notes to supplement this Code which would apply to actuaries operating in specific professional circumstances.

Such Guidance Notes would only apply to actuaries operating in those circumstances.]

5. An actuary is responsible for maintaining applicable practice standards in his work. He must take into account any relevant Guidance Notes issued or endorsed by his Association and the status of those Guidance Notes (eg mandatory, recommended practice...).
6. An actuary shall, in communicating his professional findings, show clearly that he is the source of the findings and that he is available to provide the client or employer with supplementary information and explanation about scope, methods and data.
7. An actuary shall, in communicating his professional findings, identify the client for whom these findings are made and in what capacity the actuary serves.
8. An actuary shall not perform professional services involving an actual or potential conflict of interest, unless the actuary's ability to act fairly is unimpaired and there has been full disclosure of the actual or potential conflict.
9. When an actuary is asked to take on professional services previously provided by another actuary, he shall consider whether it is appropriate to consult with the previous provider of the professional service to ensure that it is suitable for him to take on this new responsibility.

[Note:

This paragraph requires the actuary to reflect on the professional implications that would arise if he were to take on the assignment. In some circumstances it may not be appropriate to consult the other actuary because of the nature of the assignment, but it is for the actuary to weigh up the professional aspects involved in any particular case.]

10. An actuary shall disclose, in writing and timely, to his client all sources of income related to any service on behalf of a client.
11. An actuary shall be subject to the disciplinary procedures prescribed in the rules of his Association, and, subject to the right of appeal within those rules, shall accept any judgement passed, or the decision of any appeal procedure.

Groupe Consultatif

Recommended Practice

Pensions

1. Introduction

- 1.1 These notes have been produced for the guidance of fully qualified members of the professional actuarial bodies located within the European Community (referred to hereinafter as Actuaries) providing actuarial advice orally or in writing to organisations providing pension benefits. It is expected that if the oral advice is important it should be confirmed in writing.

- 1.2 Should there be any conflict, these guidance notes are recommended practice and do not take precedence over the professional code of conduct or professional guidance notes which may be in operation in individual countries as required by the appropriate professional bodies, but offer basic general guidance which actuaries from all countries within the EC can adopt to bring a degree of consistency in approach.
 - 1.3 These guidance notes apply to any actuary providing formal pension benefits advice, either as an employed actuary or as a consultant, within any country in the European Community.
2. Guidance
 - 2.1 Actuaries providing advice should either have the appropriate knowledge and experience of the subject concerned or have formal recourse to those who have such knowledge and experience. This knowledge includes methodology, relevant legislation, local conditions and, where applicable, any professional code of practice in the country concerned.
 - 2.2 A written report should make it clear to whom the report is directed, by specifying the client or principal, and the purpose and scope of the assignment. It should also state the name and qualifications of the actuary or actuaries providing the report and be signed by them personally.
 - 2.3 The written report should include a statement of benefits which have been valued, either in summary, or by reference to appropriate documents. Reference should be made to the extent to which allowance has been made for discretionary increases in benefits, and whether there has been a recent practice of granting such increases.
 - 2.4 The written report should include a clear description of the data used and an indication of the extent to which the actuary has relied on information or opinions provided by others. The actuary should carry out appropriate investigations to assess the accuracy and reasonableness of the data being used. The report should state whether the actuary is satisfied or has any reservations about the reliability of the data.
 - 2.5 The written report should state clearly the methodologies that have been adopted by the actuary. A statement should be made as to the extent to which there have been changes to the methodologies used since the last report of a similar nature.
 - 2.6 The written report should state clearly all the demographic and economic assumptions which have been made explicitly or implicitly. A statement should be made as to the extent to which there have been changes to the assumptions used since the last report of a similar nature.
 - 2.7 Where a written report makes recommendations it should include such information and discussion about each relevant factor and about the results of the actuary's investigations, as may be necessary to enable the recipient of the report to judge the appropriateness of the recommendations and the implications of accepting them.
 - 2.8 The written report should include a statement of the rates of contributions payable during the latest intervaluation period and a commentary on any material developments during such period and on any significant variations in experience from the assumptions made at the previous valuation.
 - 2.9 Where external assets are held the written report should comment on the nature of the assets held to back the liabilities and if it is considered that the investment policy is or may become inappropriate to the form and incidence of the liabilities.
 - 2.10 Where appropriate the written report should state whether the assets were sufficient at the valuation date to cover the liabilities in respect of all accrued benefits. If they were not sufficient, the written report should indicate the level of coverage. Reference should be made to any reinsurance arrangements or insolvency insurance.

- 2.11 Where appropriate the written report should state whether and in what way new entrants have been taken into account in the assessment.
- 2.12 Where appropriate the written report should recommend an appropriate level of contributions for the period until the next valuation. If the contribution rate is already defined in legislation, or in the rules of the scheme, the written report should comment on whether this rate is adequate. Where the assets at the valuation date were insufficient to cover the accrued liabilities, the written report should state the period over which it is intended that the recommended contribution rate should achieve full coverage of the accrued benefits.

Groupe Consultatif

Recommended Practice

Life Assurance

1. Introduction

- 1.1 These notes have been produced for the guidance of fully qualified members of the professional actuarial bodies located within the European Community (referred to hereinafter as actuaries) providing actuarial advice orally or in writing to organisations providing life assurance products. It is expected that if the oral advice is important it should be confirmed in writing.
- 1.2 Should there be any conflict, these guidance notes are recommended practice and do not take precedence over the professional code of conduct or professional guidance notes which may be in operation in individual countries as required by the appropriate professional bodies, but offer basic general guidance which actuaries from all countries within the EC can adopt to bring a degree of consistency in approach.
- 1.3 These guidance notes apply to any actuary providing formal life assurance advice, either as an employed actuary or as a consultant, within any country in the European Community.

2. Guidance

- 2.1 Actuaries providing advice should either have the appropriate knowledge and experience of the subject concerned or have formal recourse to those who have such knowledge and experience. This knowledge includes methodology, relevant legislation, local conditions and, where applicable, any professional code of practice in the country concerned.
- 2.2 A written report should make it clear to whom the report is directed, by specifying the client or principal, and the purpose and scope of the assignment. It should also state the name and qualifications of the actuary or actuaries providing the report and be signed by them personally.
- 2.3 The written report should include a clear description of the data used and an indication of the extent to which the actuary has relied on information or opinions provided by others. The actuary should carry out appropriate investigations to assess the accuracy and reasonableness of the data being used. The report should state whether the actuary is satisfied or has any reservations about the reliability of the data.
- 2.4 The written report should state clearly the methodologies that have been adopted by the actuary. A statement should be made as to the extent to which there have been changes to the methodologies used since the last report of a similar nature.

- 2.5 The written report should state clearly all the demographic and economic assumptions which have been made explicitly or implicitly. A statement should be made as to the extent to which there have been changes to the assumptions used since the last report of a similar nature.
- 2.6 Where a written report makes recommendations it should include such information and discussion about each relevant factor and about the results of the actuary's investigations, as may be necessary to enable the recipient of the report to judge the appropriateness of the recommendations and the implications of accepting them.
- 2.7 Where the report is being prepared in regard to technical reserves for statutory accounts or returns to a supervisory authority, the actuary should be aware of, and give due recognition to, any relevant accounting principles, national statutory requirements or European Community directives.

Groupe Consultatif

Recommended Practice

General Insurance

1. Introduction

- 1.1 These notes have been produced for the guidance of fully qualified members of the professional actuarial bodies located within the European Community (referred to hereinafter as actuaries) providing actuarial advice orally or in writing about general insurance. It is expected that if the oral advice is important it should be confirmed in writing.
- 1.2 Should there be any conflict, these guidance notes are recommended practice and do not take precedence over the professional code of conduct or professional guidance notes which may be in operation in individual countries as required by the appropriate professional bodies, but offer basic general guidance which actuaries from all countries within the EC can adopt to bring a degree of consistency in approach.
- 1.3 These guidance notes apply to any actuary providing formal general insurance advice, either as an employed actuary or as a consultant, within any country in the European Community.

2. Guidance

- 2.1 Actuaries providing advice should either have the appropriate knowledge and experience of the subject concerned or have formal recourse to those who have such knowledge and experience. This knowledge includes methodology, relevant legislation, local conditions and, where applicable, any professional code of practice in the country concerned.
- 2.2 A written report should make it clear to whom the report is directed, by specifying the client or principal, and the purpose and scope of the assignment. It should also state the name and qualifications of the actuary or actuaries providing the report and be signed by them personally.
- 2.3 The written report should include a clear description of the data used and an indication of the extent to which the actuary has relied on information or opinions provided by others. The actuary should carry out appropriate investigations to assess the accuracy and

reasonableness of the data being used. The report should state whether the actuary is satisfied or has any reservations about the reliability of the data.

- 2.4 The written report should state clearly the methodologies that have been adopted by the actuary. A statement should be made as to the extent to which there have been changes to the methodologies used since the last report of a similar nature.
- 2.5 The written report should state clearly all the assumptions which have been made explicitly or implicitly, for example, the level of future inflation which has been used in setting claim reserves or premium rates. If future investment income has been allowed for in assessing claim reserves and/or premiums either implicitly or explicitly, this should be stated together with the assumed rate of return. A statement should be made as to the extent to which there have been changes to the assumptions used since the last report of a similar nature.
- 2.6 Where the written report makes recommendations it should include such information and discussion about each relevant factor and about the results of the actuary's investigations, as may be necessary to enable the recipient of the report to judge the appropriateness of the recommendations and the implications of accepting them.
- 2.7 Where the report is being prepared in regard to technical reserves for statutory accounts or returns to a supervisory authority, the actuary should be aware of, and give due recognition to, any relevant accounting principles, national statutory requirements or European Community directives.
- 2.8 Written reports on reserves or on capital requirements may be produced in terms of either point estimates or ranges of acceptability. With some types of business, the conclusions will often be subject to margins of error which may be large. Notwithstanding such uncertainty, it is acceptable for the actuary to give positive opinions and provide estimates of the liabilities. The report should draw attention to the uncertainty, making it clear that the eventual outcome will almost certainly differ from any projections made; the actuary may wish to draw attention to particular unquantifiable contingent liabilities for which no explicit allowance has been made.
- 2.9 General insurance terminology includes a number of words and phrases which, although commonly encountered, are not accepted universally or are capable of different interpretations. The actuary should seek to ensure as far as possible that any such words or phrases in a report are clearly defined and will not be misunderstood.