



Yvonne Lynch
Convenor, MRA Task Force
1 Place du Samedi
B-1000 Brussels
Belgium

5 August 2019

Dear Yvonne,

Re: IFoA response to Exposure Draft of Mutual Recognition Agreement and associated letter.

1. The Institute and Faculty of Actuaries (IFoA) welcomes the opportunity to respond to the Exposure Draft of the Mutual Recognition Agreement (MRA) and associated letter on “Mutual Recognition Agreement: Context and Questions & Answers” (“Heubeck letter”).

General Comments

2. The IFoA is supportive of the AAE’s approach to a regular review of this Mutual Recognition Agreement. The reasoning for the review seems to be well founded and the proposal, in the main, appears to be sensible, proportionate and reflective of our understanding of the aim and purpose of the MRA.
3. In both the MRA and the Heubeck letter, the term “fully qualified actuary” is used. Our view is that this term should be discontinued and a clearer benchmark adopted, such as IFoA Fellowship status. This is because we consider the current terminology to be of limited assistance to member associations. From an educational perspective, the IFoA view is that our associate qualification affords IFoA members with “qualified actuary” status (benchmarked against the IAA education syllabus). However, the IFoA considers our fellowship membership status to have reciprocal equivalence to the bar set by the AAE MRA mutual recognition process and the AAE core syllabus. We propose that the AAE considers whether it should discontinue the term “fully qualified actuary” and replace that term with a more precisely defined benchmark, such as IFoA Fellowship status. This would, in our view, improve the transparency and clarity of what is meant, the simplicity of the process for application under the MRA, and ensure a consistency of approach by member associations. Wording to record the benchmarking approach could be inserted into the MRA.

The Mutual Recognition Agreement

4. We have some particular observations on the MRA:
 - a. We note the evolution of the membership of the AAE since the MRA was originally drafted, and the resulting impact of Article 6 (AAE Statutes) on the signatory list to the MRA. We urge the AAE Council to consider this point as soon as possible so that any ambiguity can be resolved. It would also aid clarity if the AAE Council could consider the transparency and consistency of process for adding and removing member associations to the MRA.
 - b. The MRA does not provide detail about the underlying process required of member associations to deal with individual applications arising from the MRA. It is our view that it would enhance transparency and consistency if that process was agreed and defined by

the AAE. We consider that the AAE Education Committee has the most appropriate skills and expertise to develop the process, recognising the proximity of this work to the AAE education syllabus.

- c. Related to the above point, we agree with the MRA TF view that the MRA is not an appropriate document to amplify what “adaptation” steps may be required to complete the process. We further agree that the AAE Education Committee has the appropriate skills and experience to address the point. However, we find the language in the MRA in Article 2(b) ambiguous. We suggest that the AAE replaces the word “may” with “should” (this is consistent with terminology elsewhere in the MRA).
- d. In Article 2, the statement of principle might be enhanced by the addition of the following: *“Each Qualifying Association (the “host” association) shall make provision to admit as an ~~fully-qualified~~ actuary, any actuary ~~irrespective of a protected characteristic, such as racial or ethnic origin~~ who....”*
- e. In Article 2 (b), the MRA states that the host association shall in no case impose stronger conditions or require more of an Applicant than is permitted by law. We agree that this wording is appropriate and further suggest that it be expanded to add *“....and as is required of actuaries of the host association”*. This addition will ensure that the rights and obligations of an individual, given mutual recognition status, are consistent.
- f. At Article 3, we consider that the following words do not add to the meaning of this section and should be deleted: *“Each Qualifying Association should ~~either by inclusion in its code of conduct or otherwise~~ encourage those of its actuaries who are employed or established in another qualifying country, or provide actuarial services on a regular basis in another qualifying country, to apply to the association or one of the associations for admission in accordance with Article 2(a) of this Agreement.”*
- g. At Article 6, the provisions relating to the review of this MRA could be enhanced by the (voluntary) collation of diversity data such as age, gender, ethnicity etc. The following could be inserted at the end of this section: *“Each association should include in the report anonymised data of protected characteristics, such as the race and ethnic origin of the successful and unsuccessful applying actuaries, recognising that the gathering of the data depends upon the consent of the individual applying actuary.”*

The ‘Heubeck Letter’

- 5. We consider the updates to the Heubeck letter to be sensible and note its information status as an “FAQ document”. We consider that the value of any FAQ would be significantly improved by a fuller, comprehensive review. However, if the AAE is minded to accept our observation above for a centralised process document to underpin the MRA, the need for this FAQ may fall away entirely.
- h. We note as a small observation in Q&A 4, an error, where reference to the MRA suggests that adaptation periods are appropriate where “substantial differences in education and training” are identified. The MRA is silent on this point and so we suggest that these words are deleted.

Should you want to discuss any of the points raised please contact Michael Williams, Public Affairs Manager at Michael.williams@actuaries.org.uk or on +44 (0) 20 7632 1466 in the first instance.

Yours sincerely,



Charles Cowling
Chair, Supranational Associations Liaison Subcommittee
Institute and Faculty of Actuaries