

Mutual Recognition Agreement Review

The AAE Mutual Recognition Agreement (MRA) was due for its five-yearly review in 2016. At the Committee meeting in Barcelona in September, it was agreed that a questionnaire be sent to member associations as part of a review of the current MRA. The purpose of the questionnaire was to understand better the operation of the MRA, and ways in which it, and the accompanying guidance note (also called the “Heubeck letter”), should be improved by alteration.

The relevant section of the MRA states:

“After five years from 1 January 2011 each association shall prepare a report on the implementation of this Agreement, including any suggestions for alterations thereto. Each report shall be made available to other associations through the Actuarial Association of Europe (AAE), and a consolidated report shall be drawn up by AAE, who may propose appropriate amendments to the associations.”

The SFPC agreed that, as at the previous review some 6 years earlier, a questionnaire response should act as the relevant report. Completed responses have been received from 23 associations - 10 did not. The full data is available in separate documents, in this report I summarise them. It was also agreed in Barcelona that the MRA should be revised to amend the requirement for a formal report from each association.

About half of the associations which responded keep records of where their members work. Fewer keep records of where their members are also members of another association – surprisingly only the IFoA does so among the 4 largest. IFoA have 6000 fully qualified actuaries in Europe (ex UK), but only 20 have used the MRA. 2 associations have between 100 and 400 actuaries in Europe outside their own countries. Four have between 20 and 100 and eight have fewer than 20.

In 9 countries, actuaries need local membership (through the MRA) to do “reserved work” of some kind. Actuaries operate under the MRA from other associations in the following countries’ associations (I use the international “vehicle” abbreviations) – GB 112, CH 79, D 50, IRL 30, DK 15, NL 10, F 5, B 4.

Data was collated on:

the status of MRA actuaries compared to others – some associations do not grant identical rights as to their own members,

- Adaptation periods – most of those with MRA members use this for some/most actuaries joining via MRA
- Aptitude test – rare – a few in UK and Ireland
- Cancellation if a member ceases to need the MRA – a small number of associations only
- Discipline- Only the UK reported issues relating to members under the MRA

There was a small number of cases of difficulty of actuaries not getting the recognition as fully qualified that they think they deserve under the MRA, and also of associations not being prepared to grant the status. Problems can arise regarding lack of sufficient local experience. I propose to ask the pairs of associations involved in these to compare notes to

clear up misunderstandings in general. The Spanish delegates at the meeting may be able to describe their issues, which seem to relate to all other associations and their government's role in deciding who is an actuary, and therefore a member of the association.

The "South African/AAE" template has been used by the German and Dutch associations, and being considered by the French. UK and Ireland have many non-European MRAs, but do not use the AAE template for these.

UK and Ireland believe changes are needed (see Appendix below) to the MRA wording and the Heubeck side-letter. The former needs to conform with the revised EU directive. IFoA have raised the issue of different levels of qualification being recognised – eg associate and fully qualified. The IAA standard has been at the "associate" level, although now the IAA is considering dropping the term "fully qualified actuary" altogether. IFoA have been looking at all these issues and offer to share their expertise on this, including legal drafting. A small group of SFPC members is needed to look into these issues.

The Hungarian association believes the AAE should maintain a central register of actuaries using the MRA, and the Dutch think each association should keep these records.

There is an issue regarding recognition or otherwise of a small number of particular university courses to produce fully qualified actuaries. It would make sense to ask the pairs of associations involved to discuss these to tease out where the discrepancies lie.

Conclusion – The MRA seems to be working well and meeting a need as well as an EU Directive requirement. However, some maintenance of it is needed fairly urgently.

Actions:

- 1) I recommend the relevant pairs of associations should discuss issues relating to recognition under the MRA and university courses recognised – list of countries involved in Appendix below. Others may like to volunteer to take part if they believe there are issues to be solved.
- 2) I recommend a small group needs to look at the wording of the two documents to update them.
- 3) The SFPC should discuss the issue of central or national record keeping. However, it seems unlikely that the AAE could mandate associations to do such record keeping. The costs and resources needed for the AAE to do this centrally are likely to be beyond its current budgetary constraints.

David Martin, May 2017

Appendix

1) Issues raised of recognition:

Hungary with Germany and UK

Belgium with UK

Spain with unnamed other associations. (Perhaps the Spanish committee member can assist to identify these)

2) Issues raised of the status of university degrees:

Switzerland, Finland and UK.

3) Changes to the documents suggested by UK and Ireland:

(Ireland) Some points that could be considered in relation to the Heubeck letter: 1. (i) Section 2, recommendation that “a migrant actuary be asked to report annually to his or her home Association” – it is not clear what the purpose of this is, i.e. what is the migrant actuary expected to report. 2. (ii) Section 5, last sentence – the purpose of this recommendation is not clear, as it seems to us that the home association is not in a position to do anything with or in relation to the information mentioned. 3. (iii) Section 14, „If the actuary has not joined the host Association, the question of discipline should be referred to the home Association” – if the actuary has not joined the host association, he or she is not subject to that association’s codes and standards, and the host association has no obligation (or, perhaps, authority) to take any action relating to the actuary, including referring conduct to the home association. 4. (iv) Section 14, „it should not be a defence against invoking the disciplinary procedures to argue that the misconduct in the host country would not have been misconduct according to the rules of the home Association if the offence had been committed in the home country” – this is perhaps arguable. For example, suppose an actuary is censured by a host association for not completing CPD requirements, and the home association does not have CPD requirements or has much lighter CPD requirements. Would it really be fair and proportionate for the home association to censure him or her too, when other members of the home association would not be so censured? 5. (v) The last paragraph says that home Associations „should be under an obligation” to make certain notifications to other associations. This wording is odd and could be improved. If the obligation set out did apply, it could be onerous in terms of record-keeping and processes.

(UK) We suggest that it would be prudent to review the MRA to ensure compliance with Directive 2013/55/EC, which has amended Directive 2005/36/EC on the Mutual Recognition of Professional Qualifications. We have already carried out some preliminary work in considering the implications of these changes, which we would be happy to share. Separately, in light of these changes and of the current core syllabus reviews by both the AAE and IAA, it may be necessary for member associations to reconsider the appropriate qualification level(s) to which mutual recognition should appropriately apply. The IFoA, for example, recognises both Associateship and Fellowship as providing 'qualified actuary' status, both of which are referred to in the UK legislation (the European Union (Recognition of Professional Qualifications) Regulations 2015) implementing in the UK the changes introduced by the 2013 Directive.