

Code of Professional Conduct

*Common Principles of Ethical and Professional Behaviour accepted by the
Actuarial Associations affiliated to the Actuarial Association of Europe*

Adopted by the General Assembly of the Actuarial Association of Europe on [date]

Effective from: **to be decided**

PREFACE

The Code of Professional Conduct (“CoPC”) overleaf was developed by the Actuarial Association of Europe (AAE) in the context of its goal to enhance the quality of actuarial work and promote professionalism, to the benefit of the public and the users of actuarial advice.

- The Full Member associations¹ of the AAE have collectively approved the CoPC as the basis for their own Codes of Conduct.
- Individual actuaries who are members of those associations contribute to the **well-being of society public interest** and to maintaining the standing of the actuarial profession by complying with relevant professional requirements, including any applicable Code of Conduct.

The CoPC is a model code and as such, it is not binding on any actuary. The Statutes of the AAE require Full Member associations to have a Code of Conduct that reflects at least the requirements of the AAE’s CoPC (though it is not obligatory to use the exact words of the CoPC). ~~Therefore, Full Member associations should maintain a Code of Conduct that is substantially consistent with the CoPC (this document without the Preface and without footnotes marked as “Explanatory”). A Code of Conduct adopted by a Full Member association is considered to be substantially consistent with the CoPC if:~~

- ~~There are no material gaps in the Code of Conduct in respect of the matters addressed in the Principles and Amplification of Principles set out in the CoPC; and~~
- ~~The Code of Conduct does not contradict the CoPC in any material respect.~~

Codes of Conduct of the Full Member associations of the AAE apply at a minimum to those members of the associations who are fully qualified actuaries². Full Member associations may also require other members to comply with their Code of Conduct and are encouraged to do so if any members are in the process of completing the education required to become a fully qualified actuary (e.g. “Student” members) or are likely to be routinely engaged in actuarial work (e.g. actuarial analysts). Each Full Member association should ensure that its Code of Conduct clearly states to which members the Code applies.

The CoPC was adopted by the AAE General Assembly on [date].

This Preface is not part of the CoPC. If a Full Member association adopts the CoPC as written³, this Preface, and the “explanatory” footnotes to the CoPC, should not be included. (an association may, however, include a Preface and “explanatory footnotes” that are appropriate to its own Code).

¹ National actuarial associations, situated in Member States of the EU and other European countries, whose applications for full membership have been accepted by the AAE.

² A fully qualified actuary has completed, at a minimum, all aspects of the AAE core education syllabus.

³ Or subject to suitable modification if the association elects to apply the Code to members who are not fully qualified actuaries.

Code of Professional Conduct⁴

Note: Words or terms in *italics* are defined in Section 2, Definitions.

Section 1. General

1.1 Purpose

- 1.1.1 This Code of Professional Conduct (“Code”) provides guidance on the behaviours expected of *actuaries*⁵ when performing *professional services*, to give *intended users* of those services confidence that they are carried out professionally and with due care.
- 1.1.2 The Code also provides guidance on the behaviours expected of *actuaries* in wider contexts, as described in Section 1.2, Application.

1.2 Application

- 1.2.1 Regarding the Principles set out in Section 3:

- (a) All *actuaries* are expected to comply with Principle A (Integrity) in the performance of their work and in other contexts where their conduct could reasonably be considered to reflect on the actuarial profession.

Professional services

- (b) All *actuaries* are expected to comply with Principles B – E (Competence and Care; Compliance; Impartiality; Communication) in relation to *professional services* that they perform (whether on a paid or unpaid basis).

Other work

- (c) In relation to work performed other than *professional services* (if any, and whether on a paid or unpaid basis), *actuaries* should exercise *professional judgement* to determine whether and, if so, to what extent it is appropriate to comply with the spirit and intent of Principles B – E (Competence and Care; Compliance; Impartiality; Communication), taking into account the reasonable expectations of the *intended user(s)* of the work, the nature of the work, any other Code or standards that apply to the work and any other relevant factors.

⁴ (Explanatory note) The “Explanatory notes” to this Code of Professional Conduct (“Code”) are addressed to AAE Full Member associations and do not form part of the Code. If a Full Member association adopts the Code as written, these “Explanatory notes” should not be included (though “Explanatory notes” that are relevant and appropriate to the association’s Code may be included).

⁵ (Explanatory note) Full Member associations may require members other than qualified actuaries to comply with their Code of Conduct and are encouraged to do so if any members are in the process of completing the education required to become a fully qualified actuary (e.g. “Student” members) or are likely to be routinely engaged in actuarial work (e.g. actuarial analysts). If an association does so but otherwise wishes to adopt this Code of Professional Conduct, it will need to edit the text accordingly.

Support roles

- (d) It is recognised that *actuaries* might act in a support role in which another person carries ultimate responsibility for the work performed. For the avoidance of doubt, *actuaries* in support roles are expected to comply with the Code (as per paragraph 1.2.1 (a), (b) and (c)), though it is reasonable to expect that any assessment of their conduct by reference to the Code would have regard to such factors as their level of responsibility in relation to the matter and the extent of their relevant work experience.

Observing the spirit and intent of the Code

- (e) The Code is not an all-encompassing description of behaviours that should be adopted or avoided. *Actuaries* are expected to observe the spirit and intent of the Code, rather than interpret it only in a purely literal way.

1.2.2 For the purposes of this Code:

- (a) “must” means that the indicated action is mandatory and failure to follow the indicated action will constitute a departure from this Code; and
- (b) “should” means that, under normal circumstances, the *actuary* is expected to follow the indicated action, unless to do so would produce a result or outcome that would be inappropriate or potentially misleading. If, in the performance of *professional services*, the indicated action is not followed, the *actuary* should disclose that fact to the *intended user(s)* of the *professional services* and provide the reason for not following the indicated action;;
- ~~(c) “may” means that the indicated action is not required, nor even necessarily expected, but in certain circumstances is an appropriate activity, possibly among other alternatives. Note that “might” is not used as a synonym for “may”, but rather with its normal meaning.~~

1.2.3 Nothing in this Code is intended to require an *actuary* to act in breach of legal or regulatory requirements. If there is an inconsistency between this Code and legal and/or regulatory requirements, the legal and/or regulatory requirements shall prevail. “Legal requirements” here does not extend to the provisions of agreed contracts.

Section 2. Definitions

The terms below are defined for use in this Code.

- 2.1 **Actuary** – A full member (being a fully qualified actuary)⁶ of any Full Member association of the Actuarial Association of Europe.

⁶ (Explanatory note) (a) See footnote 5 to Section 1.1.1. (b) A Full Member association that wishes to adopt this Code as its Code of Conduct should change this definition - for example (*if applicable* – see footnote 5 to Section 1.1.1): “A full member (being a fully qualified actuary) of [name of association]”.

- 2.2 **Intended User** – Any legal or natural person (usually including the *principal*) ~~whom the *actuary* intends at the time the *actuary* performs professional services to use the *actuary's* communications presenting some or all~~ for whose use the *actuary* provides the results of ~~those~~ professional services.
- 2.3 **Principal** – The party who engages the provider of *professional services*. The principal will usually be the client or the employer of the *actuary*.
- 2.4 **Professional judgement** – The judgement of the *actuary*, based on actuarial (or other relevant) training and experience.
- 2.5 **Professional services** –
- All services provided by an *actuary* that relate to a pension scheme/fund, insurance/reinsurance/financial services entity or financial transaction; and
 - All other services provided by an *actuary* that are based upon actuarial considerations.

Section 3. Principles

A. Integrity

An *actuary* must act honestly and with the highest standards of integrity.

B. Competence and Care

An *actuary* must perform *professional services* competently and with care.

C. Compliance

An *actuary* must comply with all relevant legal, regulatory and professional requirements.

D. Impartiality

An *actuary* must not allow bias, conflict of interest or the undue influence of others to override professional judgement.

E. Communication

An *actuary* must communicate in an appropriate manner and meet all applicable reporting standards.

Section 4. Amplification of Principles

The following information, which forms part of the Code, is included in order to elaborate on how (subject to paragraph 1.2.1) *actuaries* are expected to interpret and apply the Principles.

This information is not exhaustive. *Actuaries* are expected to apply *professional judgement* as and when necessary to ensure that they observe the spirit and intent of the Code, rather than interpret it only in a purely literal way.

A. Integrity

- A1 An *actuary* must perform work with integrity, skill and care and (subject always to any relevant legal, regulatory and professional requirements) should fulfil the *actuary's* responsibility to the *principal*.
- A2 An *actuary* should not act in a manner that is likely to damage the reputation of the actuarial profession, whether in the performance of work or in other contexts in which conduct could reasonably be considered to reflect on the actuarial profession.
- A3 An *actuary* must not provide, or knowingly be associated with the provision of, information, nor engage in advertising or business solicitation, that the *actuary* knows or ought to know is materially false or misleading, contains statements or information furnished recklessly or omits or obscures information required to be included and as a result is materially misleading. If an *actuary* becomes aware that the *actuary* has been associated with such information, the *actuary* should take steps to be disassociated from the information. This provision does not preclude an *actuary* from performing work based on:
- assumptions or methodology prescribed by the *principal* or another party, provided that, if the *actuary* does not support the assumptions or methodology, the *actuary* discloses that fact to the *intended user*, or
 - assumptions or methodology prescribed under legal, regulatory or professional requirements.
- A4 An *actuary* should ~~co-operate with and show respect for~~ show respect and should cooperate with others serving the *actuary's principal*.
- A5 Subject to any legal, ~~or regulatory~~ or professional reporting obligations, an *actuary* must respect the confidentiality of confidential information received.
- A6 When an *actuary* is asked to perform work previously performed by another person, the *actuary* must consider whether it is appropriate to consult with the previous provider to establish whether there might be any professional reason not to take on the new responsibility.

B. Competence and Care

- B1 An *actuary* should perform *professional services* carefully, thoroughly and in a timely manner.
- B2 An *actuary* must perform specific *professional services* only if:
- the *actuary* is competent and appropriately experienced to do so, or
 - the *actuary* is acting on the advice of an individual who has the appropriate level of relevant knowledge and skill and the *principal* is aware that this is the case, or
 - the *actuary* is acting under the direct supervision of another person who is taking professional responsibility for the work.

B3 ~~An *actuary* must ensure that, in respect of *professional services* for which the *actuary* is responsible, appropriate and proportionate processes or procedures are in place to ascertain the accuracy and completeness of the work.~~ Before communicating the results of *professional services* performed, the *actuary* should ensure that the results are accurate and complete.

B4 An *actuary* should agree with the *principal* the nature and scope of the *actuary's* responsibilities before commencing delivery of *professional services*.

C. Compliance

C1 An *actuary* must act in a manner that fulfil's the actuarial profession's responsibility to the public by ~~is responsible for~~ observing applicable technical and professional standards. An *actuary* and must take into account any relevant codes, standards, guidance notes and similar documents formally issued or endorsed by the actuarial association(s) of which the *actuary* is a member, having regard to their scope and status (for example mandatory, recommended practice, etc).

C2 An *actuary* is subject to the disciplinary procedures prescribed in the rules of the actuarial association(s) of which the *actuary* is a member, and, subject to the right of appeal within those rules, must accept any judgement passed, or the decision of any appeal procedure.

D. Impartiality

D1 An *actuary* must not perform *professional services* involving an actual or potential conflict of interest or involving bias or perceived bias on the part of the *actuary*, unless the *actuary's* ability to act in an impartial manner is unimpaired and there has been full disclosure to the *principal* of the actual or potential conflict or bias.

D2 An *actuary* should disclose to the *principal*, in writing and in a timely manner, all sources of income related to any assignment carried out for the *principal* (except that, where the *principal* is the *actuary's* employer, there is no requirement to disclose remuneration paid by the employer).

Communication

E1 An *actuary* ~~should~~must communicate ~~professional analysis and advice~~the results of *professional services* in a timely manner and in a style and format that is appropriate to the particular circumstances, having regard to the need to convey the implications of ~~the *actuary's any*~~ analysis and advice included in the communication in a manner that is comprehensible to the *intended user(s)*.

E2 Unless the *actuary* judges it ~~inappropriate~~disproportionate (in which event, departure from these requirements does not create a requirement for disclosure under paragraph 1.2.2 (b)), an *actuary* should, in communicating ~~professional analysis and advice~~the results of *professional services*:

- identify that the *actuary* is the source of and takes responsibility for the ~~analysis and advice~~results;
- state the capacity in which the *actuary* is acting;
- identify the *intended user(s)* of ~~the *any*~~ analysis and advice included in the communication;

- state the scope and purpose of the work; and
- indicate to what extent and how supplementary information and explanation can be obtained from the *actuary* or another party.