

RESOLUTIONS

to be decided at the meeting of the General Assembly
in Copenhagen on 22 September 2017

AAE CODE OF PROFESSIONAL CONDUCT

Resolution 1

That the Code of Professional Conduct presented herein be adopted.

Resolution 2 *(to be decided only if Resolution 1 is approved)*

That the Code of Professional Conduct presented herein be effective from 1st January 2021.

Resolution 3 *(to be decided only if Resolution 1 is approved)*

That the "Sample Questions & Answers on the Code of Professional Conduct" enclosed herein be published.

1. Background

Code of Professional Conduct

- 1.1 Under the AAE's Statutes, actuarial associations applying for Full membership must have a Code of Conduct that reflects at least the requirements of the AAE's Code of Professional Conduct ("Code").
- 1.2 During 2012, some minor revisions to the Code were agreed. The changes mainly involved rearranging the content into an improved format within which five key principles of professionalism are highlighted. The revised Code came into effect from 1st January 2014 and is on the AAE website at: http://actuary.eu/documents/CoC_final_Dec2012.pdf.
- 1.3 Since then, the Standards, Freedoms and Professionalism Committee has further reviewed the Code and considered how it might be updated to ensure that it remains fit for purpose and provides effective guidance regarding the behaviours that might reasonably be expected from actuaries.

- 1.4 Following two consultations on revised drafts, the Standards, Freedoms and Professionalism Committee now presents a revised Code, enclosed herein, for adoption by the General Assembly. This includes a number of refinements to the second exposure draft, to take account of the feedback received during the second consultation¹ and further discussion by the Standards, Freedoms and Professionalism Committee.

Sample Questions & Answers

- 1.5 The Standards, Freedoms and Professionalism Committee also proposes that the enclosed new “Sample Questions & Answers on the Code of Professional Conduct” be published on the AAE website. The purpose of this document is to provide information and assistance to Full Member associations on interpreting the Code. The Committee hopes that Full Member associations will find it helpful as they implement and answer questions about their own Codes of Conduct. The Committee has consulted on two exposure drafts of the Sample Questions & Answers and, in preparing this final version, has carefully considered all inputs received.
- 1.6 The Standards, Freedoms and Professionalism Committee intends to review and, if necessary, update the Sample Questions and Answers from time to time. Publications of this type would not usually be proposed to the General Assembly for approval and future updates will not necessarily be so proposed. However, given the subject matter, the Committee considers it important that the first introduction of this publication be supported by the General Assembly.

2. Changes to the Code

- 2.1 The proposed Code is written in such a way that a Full Member association can adopt it with little or no modification, if it wishes to do so.
- 2.2 A new Preface has been added, which provides context and addresses some matters that were previously addressed under “Application” and “Purpose”. The Preface also indicates that
- Codes of Conduct of Full Member associations apply at a minimum to those members of the associations who are fully qualified actuaries, and
 - 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).
- 2.3 A new Section 1 sets out the Purpose and Application of the Code. The re-drafted Purpose draws on the corresponding section of ESAP 1, General Actuarial Practice. The Application has been broadened such that:
- All actuaries are expected to comply with the Principles of Integrity in the performance of their work and in other contexts where their conduct could reasonably be expected to reflect on the actuarial profession;

¹ Information on how responses to the first consultation were dealt with was included in the consultation documents relating to the second exposure draft. In the second consultation, the most strongly-voiced feedback related to the concept of the public interest. Concerns were expressed about the enforceability and consistency of interpretation of a provision that an actuary “shall not act against the public interest”, given that the concept of public interest is interpreted differently in different jurisdictions. The question of how an actuary contributes to the well-being of society or public interest is now addressed in a new Preface and in a revised paragraph C1 on Compliance.

- All actuaries are expected to comply with the Principles of Competence and Care, Compliance, Impartiality and Communication in relation to professional services that they perform; and
- In relation to work performed other than professional services, 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 the Principles of Competence and Care, Compliance, Impartiality and Communication.

As in the current Code, there is a reminder that actuaries are expected to observe the spirit and intent of the Code, rather than interpret it only in a purely literal way. The meanings of the words “must” and “should” are set down and confirmation is provided that nothing in the Code is intended to require an actuary to act in breach of legal or regulatory requirements.

- 2.4 Section 2 sets out definitions of terms used throughout the Code. Note that the definition of “professional services” is deliberately broad, reflecting a belief that the Code should have wide application.
- 2.5 Section 3 sets out Principles, which are largely unchanged. A copy of the Code with changes marked up is enclosed.
- 2.6 Section 4 sets out Amplification of Principles. Some new Amplifications have been added and some of the existing Amplifications have been edited for improved clarity.

Effective date of new Code

- 2.7 Having consulted with Full Member associations, the Standards, Freedoms and Professionalism Committee proposes that the new Code come into effect from 1st January 2021. This means that Full Member associations will have just over three years to update their Codes of Conduct if they need to do so in order to fully reflect the new AAE Code.

Enclosures

- A. Proposed Code of Professional Conduct – with changes compared to current Code highlighted (*except that, for ease of re-reading, (i) re-numbering of paragraphs and (ii) italic font on defined terms are not highlighted*)
- B. Proposed Code of Professional Conduct – with changes incorporated
- C. Proposed “Sample Questions and Answers on the Code of Professional Conduct”