

Due Process for the Development of European Actuarial Notes (EANs)

1. Introduction

1.1 A European Actuarial Note (EAN) is an educational document on an actuarial subject that has been adopted by the Actuarial Association of Europe (AAE) in order to advance the understanding of the subject by readers of the EAN, including actuaries and others, who use or rely upon the work of actuaries. It is not a European Standard of Actuarial Practice (ESAP) and is not intended to convey in any manner that it is authoritative. EANs may be issued

- a) To assist actuaries in complying with an ESAP, for example by offering practical examples of ways in which actuaries might implement an ESAP in the course of their work, or
- b) To provide non-binding guidance on an actuarial topic for which the AAE has not developed an ESAP.

1.2 Because an EAN is not intended to be authoritative, its language will be chosen carefully. It will not contain words such as “should”. Rather, its style will be descriptive or will convey meaning by the use of examples of actual practice, without suggesting that these examples are comprehensive.

2. Due Process

2.1 Because an EAN is not intended to be authoritative and because (unlike an ESAP) it is not intended for use by Member Associations as the basis for issuing Standards of Practice for their members, the Due Process for issuing an EAN is simpler than for an ESAP.

2.2 On the other hand, it is also possible that the drafting of an EAN will cause differences of opinion to surface about what should or should not be included, so some due process is needed.

2.3 In addition, because it is important to ensure that the wording of an EAN is consistent with its non-authoritative and non-binding nature, the Standards, Freedoms and Professionalism Committee (SFPC) has an oversight role in terms of the format of EANs and the language to be used. Furthermore, the SFPC should ensure that the EAN is consistent with already published ESAPs and EANs, where appropriate ESAPs and EANs under development, and ISAPs and IANs promulgated by the IAA.

2.4 The eventual issuance of an EAN is approved by the General Assembly.

3. First Stage – Proposal to Develop an EAN

- 3.1 Any AAE Committee may put forward a Proposal to Develop an EAN (PDEAN). The PDEAN should describe the objectives and scope of the proposed EAN and, once the PDEAN is adopted by the Committee, is sent to the SFPC for approval.
- 3.2 In addition, the General Assembly or the Board of Directors of the AAE may request a Committee to develop a PDEAN.
- 3.3 In deciding whether to approve the PDEAN, the SFPC takes into account the views of member associations, expressed through their representatives on the SFPC.

4. Second Stage – Development and Issuance of an Exposure Draft

- 4.1 The Committee that is developing the EAN prepares an exposure draft of the EAN and submits it to the SFPC.
- 4.2 On approval by the SFPC, the Committee communicates the exposure draft to Member Associations. The communication should indicate the deadline for comments (normally three months from the date of the communication) and should indicate to whom comments should be sent.
- 4.3 During the exposure period, the SFPC reviews the exposure draft in terms of language and format, and provides comments to the developers of the exposure draft. The SFPC's review should also include consideration of any apparent overlap or conflict between the proposed EAN and existing EANs or ESAPs, where appropriate ESAPs and EANs under development, and any relevant IANs or ISAPs.

5. Third Stage – Issuance of the EAN

- 5.1 The Committee that is developing the EAN reviews all comments received and considers whether and how to reflect them in the EAN.
- 5.2 The Committee approves the final version of the EAN.
- 5.3 The SFPC approves the EAN from the aspects of language and format, confirms that the prescribed due process has been followed and submits it to the General Assembly for approval to issue, subject to the opinion of the SFPC as to whether the language and format of the EAN are appropriate and that the appropriate due process has been followed.
- 5.4 On approval of the EAN by the General Assembly, the Secretariat publishes the EAN, posting it on the AAE website and distributing it to Member Associations, requesting that it should be made accessible to individual actuaries. The Secretariat will develop a numbering system and will assign numbers to EANs when they are distributed and posted.

6. The Role of the SFPC in the EAN Process

- 6.1 The SFPC has the ongoing responsibility to make recommendations to the General Assembly regarding the due process for developing and adopting EANs.
- 6.2 The SFPC will develop a format in which EANs are to be issued. The format will include a description of the nature of EANs, consistent with the definition set forth in paragraph 1 above. The objective of a standard format is to provide the drafters of an EAN with guidance as to the desired style and layout of an EAN; using a consistent style and layout is expected to assist the users of EANs. The format will include the definition of the term “European Actuarial Note”, and other information that can be expected to be similar or identical for each EAN. Such format is not intended to limit in any way the technical information that is conveyed in the EAN.
- 6.3 As described in paragraphs 4 and 5 above, the SFPC provides comments on exposure drafts of EANs and confirms that an EAN is appropriate as to language and format and that the EAN is consistent with already published ESAPs and EANs or ESAPs and EANs under development and any relevant ISAPs and IANs.
- 6.4 The SFPC has an overall responsibility for monitoring whether the EAN due process is working well and whether the due process should be updated from time to time. This includes monitoring:
 - whether the correct due process been followed in the preparation of an EAN;
 - how effectively the EANs have been publicised;
 - whether Member Associations are making EANs available to their members;
 - whether the EANs are meeting their objectives.
- 6.5 The SFPC ensures that EANs that have been adopted are reviewed regularly, and works with the committee that developed each EAN to have the review carried out. Normally, an EAN should be reviewed every three years; however, the SFPC may request more frequent review of an EAN if it believes such review to be advisable.

In certain cases it may become necessary for more than one AAE Committee to provide their resources for the development of an EAN. In such cases, when the due process makes a reference to a Committee, it applies to the relevant Committees.

Helsinki, 3 October 2014