

## Due Process for ~~the Development of~~ European Actuarial Notes (EANs) - Draft

### 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.

**Commented [MH1]:** To be compared with the new IAN definition of IAN

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.

1.3 The Professionalism Committee (ProfC) with assistance by its Actuarial Standards Subcommittee has an oversight role in terms of the format of EANs and the language to be used. Furthermore, the ProfC 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. 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 with the [Actuarial Standards Sub-Committee] (SFPCProfC) has an oversight role in terms of the format of EANs and the language to be used. Furthermore, the SFPCProfC with the ASSC 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.~~

DRAFT

### 13. First Stage – Proposal to Develop an EAN

13.1 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, it is sent to the SFPC/ProfC for approval. 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, one Committee will be assigned the ownership and responsibility of the development of the EAN.

13.2 ~~In addition, t~~The General Assembly or the Board of Directors of the AAE may also request a Committee to develop a PDEAN on a specific topic.

13.3 In deciding whether to approve the PDEAN, the SFPC/ProfC takes into account the views of member associations, expressed through their representatives on the SFPC/ProfC.

### 24. Second Stage – Development and Issuance of an Exposure Draft

24.1 The Committee that is developing the EAN prepares an exposure draft of the EAN and submits it to the SFPC/ASSC. The Committee may want to involve the ASSC early on in order to ensure an alignment of the EAN with the style guide and avoid early on any potential overlap or conflict with existing EANs, ESAPs, where appropriate ESAPs and EANs under development, and any relevant IANs or ISAPs.

24.2 The ASSC reviews the exposure draft in terms of language format (as per the AAE style guide), and provides comments to the developers of the exposure draft. The ASSC'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.

24.3 After its review has been completed, the ASSC submits a report to the ProfC its recommendation with regards to the validation EAN asking for approval of the exposure draft.

24.24 On approval by the SFPC/ProfC, 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.

**Commented [BK2]:** Why not the new Board at this stage?

**Commented [CH3R2]:** In my view, the Board has the role to define the strategic plan for the AAE (i.e. mid-term) and let the execution to the Committees. I would suggest that the ProfC Committee Chair mentions the creation of new EANS at Board Meetings but that an approval from the Board is not needed.

**Commented [CH4]:** I would suggest that the ProfC ensures that one Committee is responsible for the development of the EAN even if it is a collaboration between several committees.

**Commented [BK5]:** What is the purpose of this sentence? The ProfC is always a body of representatives of FMAs. So either the ProfC decides or it consults with FMAs. But this is redundant.

**Commented [CH6R5]:** Agree, in my view we can delete. I presume that the older version wanted to ensure that EAN were approved by considering the views of all the Associations.

**Commented [BK7R5]:** Although redundant, on further reflection I'd like to keep it – sometimes it's useful to explicitly state things that are obvious.

**Commented [MH8]:** We should discuss particular this section, at which stages the ASSC steps in.

**Commented [MH9]:** The Committee should first prepare the ED and when the content is ready the ASSC checks the language etc. Then the question is should it be before sending out the ED or during the exposure period as in the current DP 4.3.

**Commented [CH10R9]:** In my view, it should be before sending out the ED as otherwise the Member Associations will give their input (including on style, etc.) before the ASSC could provide theirs. In fact, I see the ASSC as a quality control provider that ensure that what we send to the Member Associations has already a certain AAE quality (i.e. style, etc.). Otherwise, we would have the risk that some Member Association perceive the EAN as authoritative and this could create some unwanted discussions.

**Commented [CH11]:** To be agreed on.

**Commented [BK12]:** When will the Committee consider the result of the ASSC's review?

**Commented [CH13R12]:** In my view, 2.1 and 2.2 are iterative processes where the Committee developing the EAN will consider the feedback from the ASSC. In 2.3, the ASSC submits its report and view on the EAN to get the approval to submit the Exposure Draft.

**Commented [CH14]:** The goal here is to collect early on the view of the different Member Associations.

### 35. Third Stage – Approval and Issuance of the EAN

35.1 The Committee that is developing the EAN reviews all comments received and considers whether and how to reflect them in the EAN. The Committee prepares a summary of how it has addressed the comments received.

35.2 The Committee approves the final version of the EAN.

35.3 The SFPCASSC reviews ~~approves~~ the final version of the EAN ~~from the aspects of~~ with regards to language, ~~and~~ format and alignment with ESAPs, IANs and ISAPs. In addition, t The ASSC confirms that the ~~prescribed~~ due process has been followed and reports to the ProfC. The ProfC approves the EAN to be submit~~submitted~~ to the General Assembly for approval ~~to issue~~, subject to the opinion of the ProfC SFPCASSC as to whether the language, ~~and~~ format and alignment with ESAPs, IANs and ISAPs of the EAN are appropriate and that the appropriate due process has been followed.

35.4 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.

3.5 The Committee that developed the EAN is responsible to review the EAN on regular basis and keep it updated.

3.6 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.

### 6. The Role of the SFPCProfC in the EAN Process

6.1 ~~The SFPCProfC has the ongoing responsibility to make recommendations to the General Assembly regarding the due process for developing and adopting EANs.~~

6.2 ~~The SFPCASSC 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~~

**Commented [BK15]:** When will the Committee consider the result of the ASSC's final review?

**Commented [CH16R15]:** Based on the phrasing in 3.3, this is open and I suggest to keep it as such. The reason is that if the ProfC has to consider the results during a meeting, the this would slow down the Due Process. Nevertheless, if the EAN is quite controversial, then we need to take this up at a Committee Meeting (spring or autumn).

**Commented [CH17]:** In my view, we don't need to collect the ProfC's view a second time.

**Commented [MH18]:** But the ASSC reports to the ProfC in which also all FMAs are represented. Therefore the ProfC approve.

**Commented [CH19R18]:** Agree.

**Commented [MH20]:** Should the Board have a role here?

**Commented [CH21R20]:** In my view, this is a task that is delegated by the Board to the Professionalism Committee as it is an Operational Task. I will nevertheless share this EAN with the Board prior to Sofia to get their input.

**Commented [CH22]:** Moved to 1.1

**Commented [MH23]:** These are not part of a DP. The relevant parts should be included in the TORs of the ProfC and the ASSC

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.

**Commented [CH24]:** We can use the one that David Martin has developed.

6.3 As described in paragraphs 4 and 5 above, the SFPCASSC 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 SFPCASSC 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 publicisedpublicized;
- whether Member Associations are making EANs available to their members;
- whether the EANs are meeting their objectives.

6.5 The SFPCASSC 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 SFPCProfC 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](#)[Sofia, 11 April 2019](#)