



ACTUARIAL ASSOCIATION OF EUROPE

Legal Recognition – Discussion Document.

Professionalism Committee.

April 2th, 2019



ACTUARIAL ASSOCIATION OF EUROPE

Legal Recognition

Introduction

- 1. Actuaries are playing a **key role** in the economic, legal and social organization of the society
- 2. Users of the actuarial expertise expect a sufficient quality, respect of ethical values and **accountability**
- 3. Actuaries are looking for a professional environment that offers the **appropriate framework** and gives an added value to the society.
- 4. The **European institutions** are recognizing the AAE as a stakeholder, but have difficulties to position the legal status of the actuarial profession and its organizations

Introduction

- 4. There is **not too much mutual understanding** of the legal context amongst the actuarial associations in Europe.
- 5. There has not been a **deep debate** yet on what the strategy in the context of the legal recognition of the profession and its organization should be.
- **This document aims at:**
 1. **-Creating awareness** amongst the member associations
 - 2- **Improving the understanding** of the institutions
 - 3.- **Outlining the debate**

Recognition of the profession and the associations

- The recognition of the profession and the associations can be considered in two ways:
 - 1. The **legal recognition** based on the references in legislation and official documents
 - 2. The “**de facto**” **recognition** by public authorities, industries, companies and enterprises, professional organizations and other professions based on mutual respect and exchange

Both ways can be combined and reinforce each other.

- The **European Directive 2005/36/EC** on the recognition of professional qualifications and **Directive 2013/36/EC** amending it create legal recognition in the European Union.

Recognition of the profession and the associations

- **The recognition covers three aspects :**
 - 1° The construction of the **association** of actuaries
 - Actuaries are organized in the format that is most appropriate in their legislation: Association, Professional association, Public Corporations, Institute, Society, ...
 - 2° The recognition of the **profession**
 - Specific roles and tasks that are assigned by law, public regulation and legal framework.
 - The profession is taking part in the debate and the governance of these matters that are part of the expertise field.

Recognition of the profession and the associations

3° The recognition of the **title** :

- The context in which a professional can use the specification of “Actuary” implying the expected quality, ethics and governance
- The external recognition depends on the **internal framework** and quantitative impact
- Membership of the associations determine who is involved.

Survey amongst Members Associations of the AAE

- **A Survey has been held amongst the AAE Member Associations:**
 - Survey on the Legal and Political Recognition of the Actuary and the Actuarial Association throughout Europe
 - Closing Date : 31 January 2019
- **The Survey covers 43 items**
 - 9 questions on the Legal Status of the Association
 - 11 questions on the Membership Conditions
 - 12 questions on the Recognition in Legislation
 - 9 questions on the Recognition by Stakeholders

Survey amongst Members Associations of the AAE



23 Member Associations out of 21 Countries have replied:

- Spain, Finland, Denmark, France, Slovakia, United Kingdom, Ireland, Poland, Norway, Bulgaria, Latvia, Portugal, Italy, Switzerland, Lithuania, Sweden, Czech Republic, Belgium, Germany, Croatia, Cyprus.

Information not always complete and consistent:

- The subject is not considered in the same way (priority) in the different markets.
- The actuarial profession is in different stages of development in different countries, which reflects in the interest in the subject.

- Actuarial Associations have a legal status in all countries except one (Norway)
- 1 of 3 Actuarial Associations have a specific legal goal
 - Public interest
 - Technical and scientific nature
 - Professional association
- Some Associations are founded by the Country Government and others are founded voluntarily.
- Actuarial Association are non-profit organizations, except two (Germany and Slovakia)

Legal Status of the Association (2)

- The chosen status is compulsory in 41% of the Countries
- Actuarial Associations do not want to change the status (except 3 who would like a specific status)

Legal Status of the Association (3)



Conclusions:

- European wide the Actuarial Associations have different legal status.
- Local legislations determine the legal framework.
- Generally speaking we could say that in the Associations' opinion there is actually no need or capacity for change in most countries

Membership (1)

| Name of Membership Category | Number |
|--|---------------|
| Full Member | 28004 |
| Qualified but not fully qualified | 5955 |
| Students | 18495 |
| Others | 1307 |
| Total | 53761 |

Membership (2)

- Other Characteristics

Number

| | |
|---|--------------|
| Subject to a CoC | 53490 |
| CPD required | 47196 |
| Allowed to vote on any internal subject | 34049 |
| Right to stand for election to MA leadership | 32593 |
| Achieved MA syllabus standard | 31525 |
| Member is subject to ongoing training or CPD requirements in order to keep his member category | 47196 |

Membership (3)

| | To become a member | | | |
|-----------------------|---------------------------------|--|---|------------------|
| | Scientific point of view | | | Other conditions |
| | University degree is sufficient | Exams of the association CAN be passed | Exams of the association MUST be passed | Agree with CoC |
| Catalonia | Yes | No | No | Yes |
| Finland | No | Yes | No ? | Yes? |
| Denmark | Yes | No | No | Yes |
| France | No | No | Yes | Yes |
| Slovakia | No | No | No | Yes |
| UK | No | Yes | | Yes |
| Ireland | No | | Yes | Yes |
| Poland | No | Yes | No | Yes |
| Norway | Yes | No | No | Yes |
| Bulgaria | Yes | Yes | Yes | Yes |
| Latvia | No | Yes | No | Yes |
| Portugal | Yes | No | No | Yes |
| Italy | Yes | NO | YES | YES |
| Spain | Yes | No | No | Yes |
| Switzerland | Yes | No | No | Yes |
| Lithuania | No | No | No | Yes |
| Czech Republic | Yes | Yes | No | No |
| Belgium | No | No | No | Yes |
| Germany | No | No | Yes | Yes |
| Croatia | No | No | Yes | Yes |
| Cyprus | Yes | No | No | Yes |
| Sweden | Yes | No | No | Yes |
| Total YES | 11 | 6 | 6 | |
| Total NO | 11 | 15 | 14 | |

Membership (3)

| | To remain as a member | | |
|------------------|-----------------------|-------------------------|--|
| | Other conditions | | |
| | Obey to the CoC | Obey to CPD obligations | Other conditions |
| Catalonia | | | |
| Finland | | | Minimum requirement is a university degree and one year experience in actuarial work. Full members are required to pass the exams and agree with ethical code of the association. |
| Denmark | | | |
| France | Yes | Yes | |
| Slovakia | | | to be fully qualified actuary, the University degree is not sufficient, additional education has to be passed. Please clarify |
| UK | | | |
| Ireland | Yes | Yes | exams of the Institute and Faculty of Actuaries. |
| Poland | Yes | Yes | state exams, earlier state exams + additional exams of the association |
| Norway | Yes | Yes | |
| Bulgaria | Yes | Yes | |
| Latvia | | | |

Membership (4)

| To remain as a member | | | |
|-----------------------|------------------------------|-------------------------|--|
| Other conditions | | | |
| | Obey to the CoC | Obey to CPD obligations | Other conditions |
| Portugal | Yes | Yes | |
| Italy | Yes | Yes | FURTHER EXAMINATIONS IN ORDER TO BECOME FULLY QUALIFIED ACTUARY (THAT IS FQA) AND TO BE |
| Spain | Yes | Yes | CPD: Yes, for the legal reserve of activities on which CPD is a legal condition |
| Switzerland | Yes | Yes | A new member needs references of two members with minimum 5 years own membership. To be fully qualified actuary in Switzerland, you need to fulfill the syllabus and have an Association Exam. |
| Lithuania | Yes | Yes | candidates have university degree (of pass external actuarial examinations) and pass the professionalism |
| Czech Republic | CoC is applicable to members | | There is not formal individual agreement with ethical code, but it is generally aplicable by the codex tself. Codex is approved by general assembly. |
| Belgium | | | excercise actuarial profession or related, knowledge of the syllabus. IA BE does not (yet) organise exams. |
| Germany | Yes | Yes | Some exams can be passed, here recognition of university exams is possible. Exams in specialization are compulsory. |
| Croatia | Yes | Yes | To have professional experience |
| Cyprus | | | |
| Sweden | | | Number of different ways to gain membership. Typically a university degree is required. |

Membership (5)

| | Fellows (or equivalent) | Other Qualified Actuaries | % of Total Qualified | Classed as full "Member" |
|------------------|-------------------------|---------------------------|----------------------|--------------------------|
| Catalonia | 400 | | 1,42% | 400 |
| Finland | 108 | | 0,38% | 108 |
| Denmark | 376 | 162 | 1,92% | 162 |
| France | 1997 | 500 | 8,89% | 1997 |
| Slovakia | 34 | | 0,12% | 160 |
| UK | 13986 | | 49,81% | 14358 |
| Ireland | 1140 | 30 | 4,17% | 1140 |
| Poland | 197 | 31 | 0,81% | 197 |
| Norway | 250 | | 0,89% | 334 |
| Bulgaria | 44 | 13 | 0,20% | 44 |
| Latvia | 12 | | 0,04% | 12 |
| Portugal | 113 | 180 | 1,04% | 293 |

Membership (6)

| | Fellows (or equivalent) | Other Qualified Actuaries | % of Total Qualified | Classed as full "Member" |
|----------------|-------------------------|---------------------------|----------------------|--------------------------|
| Italy | 1004 | | 3,39% | 1004 |
| Spain | 1315 | 363 | 5,67% | 1315 |
| Switzerland | 853 | | 2,88% | 900 |
| Lithuania | 31 | | 0,10% | 31 |
| Czech Republic | 106 | | 0,36% | 0 |
| Belgium | 1050 | | 3,55% | 106 |
| Germany | 5100 | | 17,24% | 1050 |
| Croatia | 120 | | 0,41% | 5100 |
| Cyprus | 48 | | 0,16% | 120 |
| Sweden | 147 | | 0,50% | 48 |
| Total | 28301 | 1279 | | 27542 |

Membership (7)

Conclusions:

- There is a significant number of “actuaries” in Europe
 - 22.500 full members (working in Europe)
 - 52.123 members of the MA
- The level of required expertise is defined
 - About 30.000 achieved the syllabus standard
 - About 46.000 are subject to ongoing training
- University actuarial degree is most common.
Exams organised by profession compulsory in 30% of MA
- Respect of CoC is an obligation.

European context (1)

- **Directive 2005/36/EC** of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications
 - **Scope** : “This Directive shall apply to all nationals of a Member State wishing to pursue a **regulated profession** in a Member State, including those belonging to the liberal professions, other than that in which they obtained their professional qualifications, on either a self-employed or employed basis”
 - **Regulated profession** : a professional activity or group of professional activities, access to which, the pursuit of which, or one of the modes of pursuit of which is subject, directly or indirectly, by virtue of legislative, regulatory or administrative provisions to the possession of specific professional qualifications; in particular, the use of a professional title ...

European Context (2)

- Survey on legal recognition
 - Some answers have no consistency within the EU law in relation to regulated professions (**EU Regulated Professions Database**).
 - Concerning the **EU Database** of regulated professions, the actuarial profession is regulated in 6 countries: UK, Spain, Denmark, Italy, Poland and Slovakia.
 - The professional title “Actuary” is only recognized by 30% of the countries (Slovakia, Poland, Latvia, Italy, Spain, and Lithuania) (there is a case in which it is an IP trademark)
 - Only 25% have the association legally recognized in their country as it is mentioned by name in local legislation (UK, Spain, Bulgaria, Switzerland, Ireland, and it is a special situation in Italy)

- Definitions European Regulated Professions Database

Reserves of activity:

- Reserves of activities refers to professions where certain activities are reserved to the holders of a specific professional qualification. This may include instances where there are shared reserved activities with other regulated professions.

Protected title:

- A title or job description, legally restricted to use by persons who have completed a specific training course and/or are members of a particular trade association.

European Context (4)

| Country | Regulated profession | Type | Generic name | Identification |
|-------------------|----------------------|--|--------------|---|
| | | | Title | Name of regulated profession |
| Austria | No | | | |
| Belgium | No | | | |
| Bulgaria | No | | | |
| Croatia | No | | | |
| Cyprus | No | | | |
| Czech Republic | No | | | |
| Denmark | Yes | Reserve of activities | Actuary | Aktuar |
| Estonia | No | | | |
| Finland | No | | | |
| France | No | | | |
| Germany | No | | | |
| Greece | No | | | |
| Hungary | No | | | |
| Iceland | No | | | |
| Ireland | No | | | |
| Italy | Yes | Reserves of activities | Actuary | Attuario |
| Latvia | No | | | |
| Lietchestein | No | | | |
| Lithuania | No | | | |
| Luxembourg | No | | | |
| Malta | No | | | |
| Netherlands (The) | No | | | |
| Norway | No | | | |
| Poland | Yes | n/a | Actuary | Aktuariousz |
| Portugal | No | | | |
| Romania | No | | | |
| Slovakia | Yes | Reserve of activities | Actuary | Zodpovedný aktuár |
| Slovenia | No | | | |
| Spain | Yes | Reserves of activities and protected title | Actuary | Actuario / Actuario de Seguros |
| Sweden | Yes | Reserves of activities and protected title | Actuary | Aktuariefunktionen i ett försäkringsföretag |
| Switzerland | No | | | |
| UK | Yes | Reserve of activities | Actuary | Actuary |

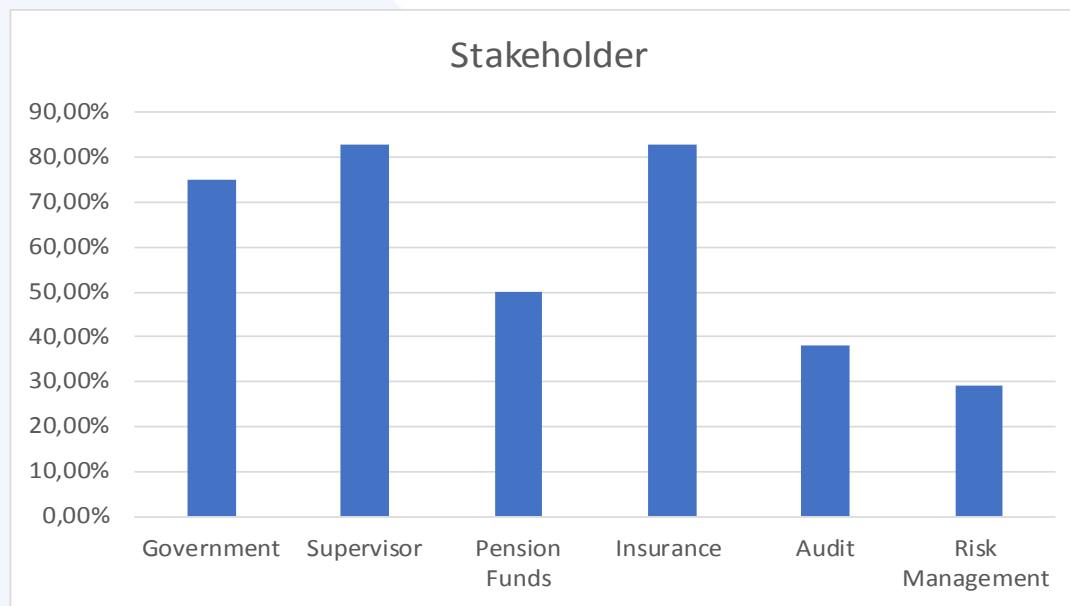
Source: [EU Regulated Profession Database](#)

- **Final Comments:**
 - European wide the Actuarial Associations have different legal status
 - Local legislations determine the legal framework
 - There are several European countries in which the professional title of Actuary is recognized as a profession with reserves of activity
 - Furthermore, there are two countries in which it is recognized as a profession with reserve of activity and protected title
 - As a result, this means that the legal status of the Actuary, in itself, necessarily needs to be contemplated (although it's already considered) as a title with the right to reserves of activity and protected title within the EU legal framework
 - Due to the foregoing, EU has a directive which regulates the legal way that the actuary has to be recognized among Member States.

Recognition in legislation (Survey) (1)

- In 55% of the countries (11), the status of actuary is required for fit and proper conditions to fulfil a role defined in legislation, but membership is only required in 20% of the countries (in 4 of the 11 countries)
 - In half of the countries there are specific procedures to be recognized for specific roles (UK, Ireland, Poland, Norway, Bulgaria, Italy, Portugal, Lithuania, Sweden and Czech Republic)
- If there would be one conclusion (from a few answers in the survey) is that most of the associations ask for recognition by law of both reserve of activities and membership.

Association as a stakeholder (1)



- Being stakeholder for pension funds depends on the position of pension funds in the country
- Associations not being recognized as a stakeholder are often the same

Association as a stakeholder (2)



Conclusion

- The Actuarial Associations are recognized as stakeholder in most countries by public authorities and industrial bodies
- The stakeholdership with other professions such as audit and risk management is not well developed
- Half of Associations would like to strengthen stakeholdership

Final Questions

- *Is there a need for a streamlined legal status of the Member Associations of Actuaries ?*
- *Is legal recognition of the profession a strategic objective ?*
 - In Europe we need the recognition of the actuarial profession, and to achieve it we need a strong action from AAE towards EIOPA
 - One of the AAE objectives is:
 - help to ensure that regulated actuarial work is performed by those properly qualified to undertake it and subject to relevant professional and technical actuarial standards

Final Questions

- ***Is de facto recognition of the profession a strategic objective ?***
 - Approach of stakeholders can be different
 - Coordinate European/International and local actions
- ***Is the recognition of the title a strategic objective ?***

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