



ANNEX III  
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**To: Standards, Freedoms and Professionalism Committee**  
**Subject: Proposed revision to Groupe Consultatif Code of Conduct**

At the meeting of the Standards, Freedoms and Professionalism Committee in Utrecht the Standards Project Team was asked “*to undertake minor reformatting of the Code of Conduct, to create some headings and reorganise the paragraphs under the headings, and introduce overarching principles underneath each heading, for consideration at the next meeting. At the same time, volunteers were invited for a task force to undertake a more substantial review of the Code of Conduct which it was proposed to initiate at the next meeting<sup>1</sup>.*”

The SPT has now completed its part of this work with the following objectives:

- define five principles of professional conduct
- allocate the 11 operational paragraphs of the existing GC Code of Conduct to the five principles
- make only minor adjustments to the wording where greater clarity seems necessary and to make the code more gender neutral
- redraft the introduction to clarify the application, purpose and scope of the Code

The draft revised Code of Conduct is attached herewith and is being sent to representatives of member associations on the Standards, Freedoms and Professionalism Committee and copied to *membres titulaires* and *membres suppléants*. The draft is being circulated well in advance of the meeting of the Committee which is scheduled to take place in Rome on 18 October, in order to give member associations more time to consider the proposal. We are also circulating a comparison between the existing code and the proposed revision, prepared by Thomas Béhar, which you may find helpful.

The intention throughout has been to make only very modest and largely presentational changes at this stage, in order that the adoption of the revised code by the Groupe will not create work for member associations in having to make fundamental changes to their codes, whilst making the Groupe's Code presentationally more accessible and transparent in its purpose. The work of the task force undertaking a more substantial review of the Code of Conduct may lead to further changes being necessary in due course, but over a timespan of several years.

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<sup>1</sup> See minutes of the Standards, Freedoms and Professionalism Committee meeting in Utrecht on 22 March 2012.

It is proposed to proceed as follows:

- invite initial comments on the draft from members of the SFPC before the end of September;
- SPT to revise the draft in the light of any comments which can readily be taken into account in the version which is included in the agenda papers for the Rome meeting;
- have a full discussion on the revised draft at the SFPC meeting in Rome;
- discuss the proposed draft at the General Assembly in Rome;
- subject to a positive recommendation to proceed coming from the SFPC and a green light from the General Assembly, the Standards Project Team to receive any further comments in writing from member associations within four weeks of the Rome meetings, revise the draft and submit a final draft to the General Assembly for electronic vote early in 2013;
- once approved by the General Assembly, proceed to seek the signatures of the Presidents of each full member association to the revised code becoming part of the accreditation requirements for full membership of the Groupe.

Chris Daykin

Convenor, Standards Project Team

17 September 2012

**Code of Professional Conduct for Actuaries who are members of European Associations**  
**(1992 version with suggested minor changes)**

***Common Principles of Ethical and Professional Behaviour accepted by the Actuarial Associations affiliated to the Groupe Consultatif Actuariel Européen***

**Version 1.1    Effective from: [date to be inserted – 1 January 2014 is proposed]**

**Application**

Each full member association of actuaries affiliated to the Groupe Consultatif Actuariel Européen (“the Groupe Consultatif”) has agreed that this Code of Professional Conduct (“the Code”), or a Code of Conduct that includes, but is not necessarily limited to, the substance of the ethical and professional principles set down in the Code, shall apply to all their members in the context of the performance of work as members of the actuarial profession, wherever in the world the members are working.

Member associations may decide how the Code is taken into consideration where a member’s conduct is called into question in a context other than working as a member of the actuarial profession, if this could be considered to reflect on the reputation of the actuarial profession.

For the purposes of this Code, the following interpretations shall apply:

The term “actuary” refers to a full member (in particular a fully qualified actuary) of any full member association that is affiliated to the Groupe Consultatif. The definition of “full member” is the same as that notified by each Association for the purposes of the Agreement of April 1991 between the Associations concerning the recognition by each EC Association of members of the other EC Associations. The exact definition of “actuary” is left to the Associations.

The term “principal” means the intended recipient(s) of advice and/or services provided by an actuary. An actuary’s principal may be that actuary’s employer, as the circumstances and context dictate.

**Purpose**

The Code consists of ethical and professional principles which actuaries are expected to observe in the public interest in order to build and promote confidence in the work of actuaries and in the actuarial profession.

**Status**

Actuaries are expected to carry out their professional activities in accordance with the Code. However, the Code is not an all-encompassing description of behaviours that should be adopted or avoided. Actuaries should observe the spirit as well as the letter of the Code. Actuaries must be prepared to justify any departure from the Code and explain why an act or omission was appropriate and reasonable in the circumstances involved.

It is recognised that actuaries may act in a support role in which another actuary carries ultimate responsibility for the work performed. For the avoidance of doubt, the Code applies to actuaries in support roles, though any assessment of their conduct by reference to the Code may have regard to such factors as their level of responsibility in relation to the matter and the extent of their relevant work experience.

**PRINCIPLES****1. Integrity**

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

**2. Competence and Care**

An actuary shall perform his professional duties competently and with care.

**3. Compliance**

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

**4. Impartiality**

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

**5. Open Communication**

An actuary shall communicate effectively and meet all applicable reporting standards.

**AMPLIFICATION OF PRINCIPLES**

The following information, which forms part of the Code, is included in order to elaborate on how 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 as well as the letter of the Code.

**1. Integrity**

- 1.1 An actuary shall perform professional services with integrity, skill and care, shall fulfil the actuary's professional responsibility to the principal and shall not act against the public interest.
- 1.2 An actuary shall act in a manner that will uphold the reputation of the actuarial profession, shall not provide information that the actuary knows or ought to know is false or misleading and shall not furnish information recklessly.
- 1.3 An actuary shall perform professional services with courtesy and shall co-operate with others serving the actuary's principal.
- 1.4 An actuary shall respect the confidentiality of information received.
- 1.5 When an actuary is asked to take on professional services previously provided by another actuary, the actuary shall 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.

**2. Competence and Care**

- 2.1 An actuary shall perform 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 actuary who is taking professional responsibility for the work.

### **3. Compliance**

- 3.1 An actuary is responsible for observing applicable technical and professional standards and shall take into account any relevant standards, guidance notes and similar documents formally issued or endorsed by the association(s) of which the actuary is a member, having regard to their scope and status (for example mandatory, recommended practice, etc).
- 3.2 An actuary is subject to the disciplinary procedures prescribed in the rules of the association(s) of which the actuary is a member, and, subject to the right of appeal within those rules, will accept any judgement passed, or the decision of any appeal procedure.

### **4. Impartiality**

- 4.1 An actuary shall not perform professional services involving an actual or potential conflict of interest, unless the actuary's ability to act in an impartial manner is unimpaired and there has been full disclosure of the actual or potential conflict.
- 4.2 An actuary shall disclose to the principal, in writing and in a timely manner, all sources of income related to any assignment carried out for the principal, other than income paid by that principal.

### **5. Open Communication**

- 5.1 An actuary shall, in communicating professional analysis and advice:
- identify that the actuary is the source of the analysis and advice;
  - state the capacity in which the actuary is acting;
  - identify the principal for whom the analysis and advice is intended;
  - state the scope of the work; and
  - state that the actuary is available to provide the principal with supplementary information and explanation about scope, methods, data, professional judgements and conclusions.

*[to be dated on the day when the revised Code of Conduct is approved by the General Assembly]*