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## DEFINING PROFESSIONALISM WITHIN THE ACTUARIAL PROFESSION

The Actuarial Association of Europe (AAE) plays a leadership role in shaping the Actuarial Profession within Europe. The AAE strategic objective is to promote consistent standards of education and professionalism among actuaries in Europe and 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. The main cornerstones of the professionalism lay in the implementation of rules that are required to be followed by Fully Qualified European Actuaries of the AAE Member Associations:

- the **AAE Code of Professional Conduct**, based on five ethical principles
- the **AAE Core Syllabus**, together with *Continuous Professional Development (CPD) requirements* that set the knowledge curriculum for the Fully Qualified European Actuaries
- the **Standards of Actuarial Practice**, that provide the set of professional rules: General Actuarial Practice (ESAP 1), Actuarial Function Report and ORSA Report under Solvency II (ESAP 2, ESAP 3), Employee Benefits - IAS 19 (ISAP 2), and other.

The new version of the **AAE Code of Professional Conduct**<sup>1</sup> is based on five principles:

- **Integrity:** to act honestly and with the highest standards of integrity.
- **Competence and Care:** to perform professional services competently and with care.
- **Compliance:** to comply with all relevant legal, regulatory and professional requirements.
- **Impartiality:** not allow bias, conflict of interest or the undue influence of others to override professional judgement.
- **Communication:** to communicate in an appropriate manner and meet all applicable reporting standards.

The purpose of the new version of the **AAE Core Syllabus**<sup>2</sup> is **to define a common understanding and to achieve harmonization of actuarial education for Fully Qualified European Actuaries across AAE Full Membership Associations**. The Core Syllabus together with its detailed learning areas is intended to underpin the Mutual Recognition Agreement and the Statutes of the AAE.

Today the Solvency II Directive recognized different roles for actuaries: Actuarial Function role, Independent Actuary and Actuarial Expert<sup>3</sup>. The Solvency II Directive does not require the employment of Fully Qualified Actuaries as holders of the Actuarial Function or the Risk Function

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<sup>1</sup> AAE Code of Professional Conduct approved by General Assembly 2017 has to be implemented by end of 2020

<sup>2</sup> AAE Core Syllabus approved by General Assembly 2019 has to be implemented by end of 2021

<sup>3</sup> Art 35 defines the role of Actuary as an "External Expert", Art 68 defines the role of Actuary as "Independent Actuary"

Role. The choice to employ the person meeting “fit<sup>4</sup> and proper” requirements. As the “fit” requirements are not publicly available, the comparison with AAE professionalism requirements is not possible. The **AAE promotes and supports to define the AAE Core Syllabus as the benchmark for the evaluation of the “fit” requirements defined under Solvency II.**

As part of the endorsement of IFRS 17, the AAE has suggested that the Board of the reporting entity should be required to appoint a reporting actuary responsible for calculation the insurance liabilities. Further, the AAE has suggested that auditors of insurance entities should employ an actuary to review the insurance liabilities. **Relevant standards to support the proposed responsibilities of actuaries are under development.**

The required involvement of actuarial professionals in this way will enable the generation of enhanced credibility of IFRS 17 accounting from the outset. The aim is to provide the actuarial services in professional manner as part of well-being of society.

Finally, in some of the jurisdictions there is a legal reserved role of the **Responsible/Appointed Actuary** who is responsible for the verification of the statutory insurance liabilities (technical reserves) under existing local accounting rules to satisfy the requirement of the well-being of society supported by local actuarial societies.

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<sup>4</sup> “Fit requirement” shall define the minimum level of the qualification and professional requirement to be met