



ACTUARIAL ASSOCIATION OF EUROPE

PROFESSIONALISM COMMITTEE.

Recognition of the Profession.

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Workstream Legal and Political Recognition

The Task Force Roles of the Actuaries of the AAE has created a workstream named “Legal and Political Recognition of the Actuary” based on a survey aiming to detect the emerging roles for actuaries in 2017.

The Professionalism Committee of the AAE concluded during its meeting of October 2019: “Given the challenges for the profession, legal and political recognition is seen as a strategy to strengthen the position. There are different views on the way how the subject can be approached and therefore the workstream is asked to formulate clear and balanced recommendations”.

A report with an in depth analysis of the subject was presented in April 2020 (**see annex 5.3.1.: Legal Recognition – Intermediary Report – April 2020**).

During the last meeting of the Professionalism Committee in October 2020, it was agreed that it is required to collect the input from each member association of the AAE based on a full mutual understanding of the context and the possible impact on the actuarial profession in each country in Europe as well as on the European level.

Workstream Legal and Political Recognition

That is why the workstream reach out to the FMA to plan for a 1.5 -2 hour virtual meeting in the coming months.

To be able to prepare this exchange of information the workstream would be grateful if the FMA could share an overview of the evolution of the legal and political recognition of the actuary in your country and what the status is today prior to the meeting.

With the purpose to structure the FMA input, the workstream have prepared two templates and one document as a support:

Templates:

- Case Study on Reserved Activity allowing you to specify the stakeholders – the roles/activities/title – the history – your opinion on pros and cons and the corresponding importance – your main message to AAE and other associations.
(see annex 5.3.3.)
- Case Study facts template allowing you to give more details.
(see annex 5.3.2.)

Workstream Legal and Political Recognition

Document:

- Questions Reserved Activity including a number of relevant subjects helping you to combine the context with your country **(see annex 5.3.4.)**.

The templates completed should be sent before the meeting

During the meeting, the AAE will be represented by members of the workstream and one Officer of the AAE.

Monique Schuilenburg will contact with each FMA to fix the date for the meeting.

Intermediary Report.

Annex 5.3.1. Legal Recognition –April 2020.



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Point 5.c. The necessary update of the EU official regulated professions database:

- “The European Commission has an **official regulated professions database** on its website in order to facilitate the free movement of professionals, providing practical information on EU legislation governing the recognition of professional experience in the European Union (EU), the European Economic Area (EEA) and Switzerland
- [32 countries: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the UK].
- This legal regime is recognized by the European Union [see: <http://ec.europa.eu/growth/tools-databases/regprof/index.cfm>]. (the database needs to be updated).

Intermediary Report.

Annex 5.3.1. Legal Recognition –April 2020.

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Point 5.c. The necessary update of the EU official regulated professions database:

- *According to the Database, as of today, Actuary is a regulated profession in some countries with reserve of activity which represents around 70% of the actuaries in Europe. [See: Goossens, K.; Mendinhos, J.; Sáez de Jáuregui, L.M.(2019): «Legal and Political Recognition: Fundamentals for the Profession» 3th European Congress of Actuaries. Lisbon.].*
- *Should the AAE ask the EU authorities to update this database?*
- *Should it be done not only for the actuarial function in Solvency II, but also from the point of view of the appointed actuary and other types of actuaries, such as pension schemes actuaries?”*

Consultation of the member Association on Regulated Profession and reserve of Activity.



- What is the historical evolution of the explicit and implicit legal and political recognition of the actuary?

- Is there a legal definition of an actuary?

Could your FMA tell us in which fields of actuarial activity, the Actuary (Insurance P&C, Insurance L&S, Pension Schemes, Employee Benefits, Pension Plans, Loss of earnings valuations in accidents) has or had the Actuary a reserve of activity at some point?

- In relation to the previous question, within each of the actuary's fields of activity, could your FMA indicate in which line of defense (first, second or third line of defense; or fully independent) it has or had a reservation of activity at some point?

Consultation of the member Association on Regulated Profession and reserve of Activity.



- In relation to the Solvency II Directive, could your FMA indicate how it affects what the Directive indicates in its articles 35 and 68?

- **Article 35 Information to be provided for supervisory purposes.
(c) to require information from external experts, such as auditors and **actuaries.***
- **Article 68. Exchange of information with other authorities
(c) **independent actuaries** of insurance undertakings or reinsurance undertakings carrying out legal supervision of those undertakings and the bodies responsible for overseeing such actuaries.*

Consultation of the member Association on Regulated Profession and reserve of Activity.



- In relation to the IORPs II Directive [DIRECTIVE (EU) 2016/2341 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision], could your FMA indicate how it affects what the Directive indicates in its articles 13 and 55 and Whereas (40)?

- * *Article 13. Technical provisions.*
*4. The calculation of the technical provisions shall be executed and certified by an **actuary** or by another specialist in that field, including an auditor, where permitted by national law, on the basis of actuarial methods recognised by the competent authorities of the home Member State, according to the following principles:*
- * *Article 55 (c). **Independent actuaries** of IORPs carrying out supervision of those IORPs and the bodies responsible for overseeing such actuaries.*

Consultation of the member Association on Regulated Profession and reserve of Activity.



- In relation to the IORPs II Directive [DIRECTIVE (EU) 2016/2341 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision], could your FMA indicate how it affects what the Directive indicates in its articles 13 and 55 and Whereas (40)?

- ** Whereas (40) A prudent calculation of technical provisions is an essential condition to ensure that obligations to pay retirement benefits can be met both in the short and the long term. Technical provisions should be calculated on the basis of recognised actuarial methods and **certified by an actuary** or by another specialist in that field. The maximum interest rates should be chosen prudently according to any relevant national rules. The minimum amount of technical provisions should both be sufficient for benefits already in payment to beneficiaries to continue to be paid and reflect the commitments that arise out of members' accrued pension rights. The actuarial function should be carried out by persons who have knowledge of actuarial and financial mathematics commensurate with the size, nature, scale and complexity of the risks inherent in the activities of the IORP, and who are able to demonstrate their relevant experience with **applicable professional qualifications or other standards**.*

Consultation of the member Association on Regulated Profession and reserve of Activity.



- In relation to the COUNCIL DIRECTIVE of 19 December 1991, on the annual accounts and consolidated accounts of insurance undertakings [In force], could your FMA indicate how it affects what the Council Directive indicates in its article 59?

– * 59 Life assurance provision

1. The life assurance provision shall in principle be computed separately for each life assurance contract. Member States may, however, permit the use of statistical or mathematical methods where they may be expected to give approximately the same results as individual calculations. A summary of the principal assumptions made shall be given in the notes on the accounts.

*2. The computation shall be made annually by an **actuary** or other specialist in this field on the basis of recognized actuarial methods.*

- Has your country applied for the **reserved activity** or reserved title as defined under the **European Directive 2005/36/EC of 7 September 2005** on the recognition of professional qualifications and the **Directive 2013/55/EU of 20 November 2013** amending Directive 2005/36/EC? Has the subject been discussed within your association?

Consultation of the member Association on Regulated Profession and reserve of Activity.



- Do actuaries have roles requiring certification from a public authority?
- Is being a (qualified) member of an actuarial association a necessary condition to exercise some functions? If so, is it the actuarial association (or one of such associations) of the country or may they be actuarial associations of other countries, for example EU Member States or European Economic Area countries?
- Is there a role for which compliance with the code of conduct is required?
Under Strategic Objective 2 of the AAE one of the objectives is “help to ensure that regulated work is performed by those properly qualified to undertake it and subject to professional and technical standards”. Do you agree with this Strategic Objective on the AAE level? If so, have you implemented or do you plan to implement a similar strategic objective within your association pursuing the same or similar objective? If so, how does your association plan to realize this objective?

Conclusions.

- 1.- The Workstream is in the process of contacting the MAs.**
- 2.- The consultations which have already took place, have shown the value of a direct interaction and are indeed helping to assure mutual understanding.**
- 3.- It is the intention to finalize the consultation before the summer.**
- 4.- A final report is foreseen for the autumn meeting.**

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