

ACTUARIAL ASSOCIATION OF EUROPE

AAE Mutual Recognition Agreement – What is it for, how does it work and what is its future?

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Presenters



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Agenda

- Welcome and introduction
- MRA Update
 - Background and Rationale for Review
 - Home and Host Association
 - What is New?
 - Q&A Document
- CPD Guidelines Update
 - Background and Rationale
 - Aims and Principles of CPD
 - CPD Scheme: Requirements
 - CPD Scheme: Good practices
 - Applicability and Reviews
- Q&A

Mutual Recognition Agreement (MRA) – Background

Aim of the MRA:

- create a framework for mutual recognition of actuarial qualifications among AAE associations
“asset for the profession, asset for the AAE”

Prerequisite to join MRA:

- be a Full Member Association, i.e. comply with AAE minimum requirement Education Syllabus, Code of Professional Conduct, have a formal Disciplinary Process in place, and NEW: comply with CPD Guidelines
- these FMAs are called “**Qualifying Associations**”

MRA – Rationale for Review

- The current MRA is in place since 2011
- A review undertaken by the ProfC in 2016 showed:
The MRA is working well but needs some amendments
- Moreover: update needed in light of Directive 2013/55/EC, which amended Directive 2005/36/EC on the recognition of professional qualifications
- Objective: reflect the spirit of Directive 2013/55/EC but do not bring into effect its detailed provisions

(If in your country the actuarial profession is regulated then of course the Directive applies directly.)

MRA – Home Association

All Qualifying Associations maintain a list of members who qualify for mutual recognition under the MRA

= „**Qualifying Actuaries**“

(no longer „Fully Qualified Actuaries“)

They

- have completed education/qualification requirements
- have fulfilled experience requirements
- comply with CPD requirements (NEW)

of their home association („home membership“)

MRA – Host Association

All Qualifying Associations will admit a Qualifying Actuary from another Qualifying Association to membership if they

- apply for membership
- intend to actively pursue the actuarial profession in the host association's country

This form of membership is called „derived membership“

Additional provisions:

- adaptation period or aptitude test may be required if there are substantial differences in education, practice experience or pursued (reserved) activities
- share of information on disciplinary measures

MRA – Host Association

Important:

Derived membership cannot be used to obtain derived membership of another association, since applications for membership under the MRA are conditional in the first instance on holding membership of the home association.

Apart from this,
rights, duties, obligations and subscriptions are the same for
home and derived membership!

MRA – What is new?

- Replace „Fully Qualified Actuary“ with „Qualifying Actuary“ to be more specific; term refers to all actuaries qualifying for mutual recognition under the agreement
- NEW: Reference to CPD Guidelines
- Definitions of home and host association
- Choice regarding adaptation period / aptitude test by host association, no longer by applicant;
no longer explicit reference to 3 years of practical experience

MRA – What is new?

- NEW: Reasons why and how participation in the MRA could be terminated:
 - Leaving the AAE
 - Persistent failure to comply with requirements for Qualifying Associations
 - Force majeure or legal requirements
- Protection for individual actuaries: “Grandfathering”
 - Continued membership is granted to all Qualifying Actuaries who obtained or are in the process of obtaining membership
 - a) in the Qualifying Association leaving
 - b) in all Qualifying Associations remaining

MRA – What is new?

- Moreover:
 - Update references to Directive
 - Move list of participating associations to appendix
 - General tidy-ups and clarifications

Q&A Document on MRA

- provide practical help to Qualifying Associations in interpreting and operating the MRA
- not part of the MRA; non-binding support; evolving document
- NEW: no longer called “Heubeck letter” but simply “Q&A document”
- Important: Associations where the profession is regulated are advised not only to rely on MRA and Q&A document but on the Directive directly

Do you have any questions on the MRA?

CPD Guidelines – Background and Rationale

- CPD Review Report
- AAE Board (April 2020) decided to incorporate CPD requirements in the new MRA
- FMAs must comply with CPD Guidelines in order to be „Qualifying Associations”

CPD Guidelines – Aims of CPD

- In summary, the aims of CPD are:
 - Maintaining actuaries “fit & proper” over time in the areas in which they practice to provide relevant and high quality actuarial services and advice
 - Supporting and protecting reputation and recognition of the profession
 - Supporting actuaries to take on new roles and to move to different areas of practice, including also new ones arising from expansion of the profession

CPD Guidelines – Principles of CPD

- CPD should help demonstrate that actuaries stay fit & proper at all times especially in their practicing area and are life-long employable
- CPD must be appropriately documented in order to be able to demonstrate to others its content and extent
- CPD needs to be assessed in an appropriate way. Two main aspects need to be considered: content and format
- CPD requirement needs to be flexible in a range of features as well as proportional in terms of every jurisdiction

CPD Guidelines – CPD Scheme: Requirements

- **Applicability:** It is mandatory for all Members (i.e. Qualifying Actuaries) under the Mutual Recognition Agreement. It makes clear the circumstances in which non-compliance is permitted as an exception
- **Assessment:** Members are required to either:
 - Self-Assess the outcomes from the CPD activities in the context of the development plan and preferably have their CPD activities and the outcomes reviewed by a third party; **or**
 - Complete a specified minimum number of hours of CPD activity (at least [45] hours over a three year period or the equivalent number of training credits)
- **Monitoring:** The CPD scheme includes a process to be able to monitor and document Members' adherence to it

CPD Guidelines – CPD Scheme: Good Practices

- **Content:** Members are encouraged to consider their specific development requirements in their respective area of work and select CPD activities accordingly (development plan)
- **Documentation:** the CPD Scheme recommends that Members document their CPD activities. Good practice for documentation could include the following:
 - Analysis of key competences that the member perceives requiring further development;
 - The plan for CPD activities;
 - Record of specific CPD activities carried out;
 - Record of time spent on CPD activities;
 - Analysis of the extent to which key competences have been developed.

CPD Guidelines – Applicability and Reviews

- CPD Guidelines are applicable starting on the [01.01.2024] if they are approved by the General Assembly in October 2021.
- The AAE will review FMAs CPD Schemes every 3 years and will make further recommendations on how these Guidelines can be developed, in order to ensure that the aims are achieved.

**Do you have any questions on the CPD
Guidelines?**

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