

REPORT
Exposure Draft EAN PJ
1 April 2022

Exposure Draft

The Exposure Draft of the European Actuarial Note (EAN) was sent to the Member Associations on 4 November 2021.

The Professionalism Committee has approved the exposure draft of the EAN on Professional Judgment for formal consultation by the AAE Member Associations.

Paragraph 3.4 of the Due Process states:

"On approval by the ProfC, the Committee communicates the exposure draft to Member Associations. The communication should indicate the deadline for comments (normally three months from the date of the communication) and should indicate to whom comments should be sent."

The Exposure period was closed on 4 February 2022.

Four Member Associations have reacted and the IAA also has submitted comments.

Overview of the reactions

Germany agrees with the EAN and Switzerland and Ireland strongly support the EAN.

Finland expresses several remarks on the content and the language and/or lay-out.

There is some concern about the relationship between expert judgement and professional judgement and the reference to the Solvency II and IORP II context. It has been made clear that the EAN carefully defines the difference between expert and professional judgement (i.e. adding for example the professional components such as Code of Conduct and Standards). The definition included in the document is confirmed :

Professional judgement is the judgement of the actuary, based on actuarial (or other relevant) training and experience, bound by the Standards and Code of Conduct of the profession.

At the other hand with regard to SII and IORPII, the task force has decided not to include it, the EAN wants to discuss the context of professional judgement in any circumstances.

The importance of communication and the selection of a model is underlined. It is clear that a model should not be selected based on the audience but on how it can accurately lead to the solution. Actuaries are indeed supposed to communicate transparently and clearly on the models used as the Code of Conduct is prescribing.

Philip Shier indicates a number of issues with the English language.

The new draft of the EAN takes into account the remarks on lay-out, presentation and language.

The IAA, represented by Yvonne Lynch, Chairperson of the IAA Professionalism Committee, expresses its appreciation, also referring to the participation of Jason Vary in the working group preparing the EAN, and suggests to develop a joint initiative.

Conclusion

The EAN has been adapted in function of the remarks and has been submitted to ASSC for a final review of the due process.

Karel Goossens
Chair Task Force Roles of the Actuaries