

Rules of Procedure Royal Actuarial Association

Main classification: Professional Regulations
Category: Code of Conduct
Drafted by: Quality Assurance Committee
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Section I General

Article 1 – Scope of these Rules

1. These Rules apply to the Members of the Royal Actuarial Association.
2. Wherever in a provision the term 'he', 'his' or 'him' is used, with respect to the female members of the Royal Actuarial Society respectively 'she', 'her' or 'her' is to be read.
3. Wherever in a provision the description '(the) actuary(ies)' is used, this may relate to all member categories 'Member Actuary AG', 'Member Actuarial Analyst'. References to 'the actuarial profession' relate to the actuarial profession in the broad sense.

Article 2 – table of content

1. Section II contains the Principles of Conduct which apply to members;
2. Sections III to IV contain, in addition to the principles in Section II, rules which are applicable to members. For the application of the rules in these Rules, action in society of members is differentiated in:
 - a. acts in the execution of the actuarial profession in a general sense; these acts must be in compliance with the rules stated in section III;
 - b. acts in the execution of the actuarial profession in a more specific technical sense, namely those in relation to the annual accounts of a pension fund: the relevant additional conditions and criteria are stipulated in Section IV of these Rules.
3. Section V regulates the information requirements regarding revenue derived from financial transactions.
4. Section VI contains the final provision.

Section II Principles of Conduct

Article 3 – Basic Principle

The actuary refrains from anything that may undermine the public's confidence in the actuarial profession and in his own integrity.

Article 4 – Integrity, expertise and diligence

1. The actuary will perform the work in the execution of his profession with integrity, relevant expertise and diligence. He will behave with the responsibility appropriate to the profession towards his client and employer, and he will not act in violation of the law, public order or decency. The actuary will avoid any form of publicity that is in conflict with the law, the truth or good taste or that is misleading or detrimental to the honour of the reputation of actuaries.
2. The actuary only performs work in the execution of his profession if he is relevantly competent and has sufficient experience or if he performs his duties under the responsibility of another person who has sufficient relevant knowledge and experience and this is clear to the client, or when he works under the responsibility of another who has accepted responsibility for this.
3. An actuary will respect the confidentiality of documents he has received.
4. The actuary will behave correctly and cooperate with others who act on behalf of his client or employer.
5. An actuary is required to ensure that for all actions for which he is responsible in the execution of his profession, adequate processes have been set up to ensure the correctness and completeness of these activities.

Article 5 – Compliance

1. The actuary is required to comply with the technical and professional standards applicable to the actuarial practice and is required to comply with all relevant professional regulations, instructions, guidelines and comparable documents formally adopted or endorsed by the Royal Actuarial Association taking into account their scope and status.
2. The actuary is subject to the Rules of Case Law as stipulated by the Royal Actuarial Association.
3. The actuary, who is employed in the territory of an EU State, or who is established there, and regularly provides actuarial services there, is obliged to register as a member of the (or one of the) actuarial association(s) in the relevant EU state, which has signed the Agreement between the EU-Associations. This paragraph does not apply to the actuarial analyst.

Article 6 – Impartiality

1. An actuary will, in the context of his profession, not engage in any act involving actual or potential conflict of interest, unless the possibility to act in an impartial manner is not affected, and there is full disclosure of the potential or actual conflict of interest.
2. An actuary will provide written disclosure to the employer or client about all sources of revenue and expenditure related to the work performed for the employer or client.

Article 7 – Effective Communication

1. If an actuary communicates in the context of his profession, this communication must be:
 - made in a timely manner;
 - appropriate for the specific circumstances; and
 - understandable for the intended user.
 2. Subject to sub-paragraph(a), the actuary will when he communicates about the analyses and/or advice relating to activities in the context of his profession:
 - announce that the actuary is the author of the analysis and/or the advice;
 - state the capacity in which the actuary acts;
 - disclose the client for whom the analysis and/or advice is intended;
 - announce the scope of the work; and
 - announce that the actuary is available to provide the client with additional information and explanation about the scope, methods, data, professional judgments and conclusions.
- a. An actuary may deviate from the requirements stated in paragraph 2 (but not from the requirements stipulated in paragraph 1) in instances in which the actuary communicates about results relating to work that has been carried out on the instructions of his direct supervisor or manager if such person is an actuary. Before the actuary makes his decision on this point, he must consider whether it is likely that the report will also be used by someone other than the direct manager or manager who is also an actuary.

Section III Acts in the execution of the actuarial profession in a general sense

Article 8 – Definition of terms

Acts in the execution of the actuarial profession are acts of the actuary, covering the practical application of insurance mathematics in the broadest sense of the word, activities relating to financial risks, as well as the activities directly related to practical application of this.

Article 9 – General Performance

1. In the execution of the actuarial profession, the actuary uses the provisions in accordance with the provisions of Article 4, paragraphs 2 and 3 of the Articles of Association.
2. Further or replacement provisions which could give the impression that he acts as described in Section IV (acts in relation to the annual accounts of a pension fund) are only permitted if indeed such work is being executed. It is not permitted for these provisions to contain a reference to the Royal Actuarial Association.
3. The actuary is required to ensure that his knowledge is adequately up-to-date and continues to be up-to-date to properly practice the actuarial profession, and is required to comply with the Continuous Professional Development requirements stipulated by the Royal Actuarial Association.
4. The actuary is required to comply with the standards applicable to the actuarial practice. This includes in any event the Professional Regulations and instructions as adopted or endorsed by the Royal Actuarial Association.
5. If the actuary is responsible for a written actuarial consideration, he will demonstrate this by signing or co-signing.

Section IV Acts in relation to the annual accounts of a pension fund

Article 10 – Definition of terms

1. In this 'annual accounts' also includes any possible statutory reporting statements.
2. The Register of Certifying Actuaries, in which only Members Actuary AG can be registered, is managed by the Royal Actuarial Association. The Register of Certifying Actuaries is public. Further rules are applicable to being registered in the Register of Certifying Actuaries.
3. Certifying a pension fund refers to issuing an independent expert opinion on the annual accounts taking into account the relevant legal requirements and the obligations included in Article 13 of these Rules of Procedures. The opinion formed is of the technical provisions and other actuarial valuations, significant risks and the extent to which and the conditions under which the pension fund may or may not be able to meet its pension obligations in the future. The opinion takes shape by issuing a statement according to the model 'Standard Actuarial Declaration'.
4. The actuary, who performs the activities mentioned under 3, is referred to as Certifying Actuary.

Article 11 – Conditions performance of assignment; circumstances rejection of assignment

1. Members Actuary AG accept their assignment to act as Certifying Actuary only if the following conditions are met, and are in compliance with paragraph 2 and 3:

1. The actuary is registered in the Register of Certifying Actuaries as referred to in Article 10, paragraph 2.
 2. The services provided by the actuary are based on a written agreement between the actuary and the commissioning pension fund. The agreement must in any case contain the provision that the actuary will comply with the obligations stipulated in Article 13 of these Rules of Procedure. The agreement must also be based on the provisions in the Pensions Act or in the Wet verplichte beroepspensioenregeling ('Law on compulsory occupational pension scheme'). The actuary must be appointed by the board of the pension fund.
 3. The actuary is adequately insured to the customary standards against the consequences of professional liability.
2. If the actuary works in employment or in any collaborative partnership (e.g. partnership, general partnership, limited partnership), this employment or partnership is not to obstruct in any way the impartial execution of the actuary's duties and acting in full compliance with the Rules of Procedure by the actuary.

In case other certifying actuaries are also employed by the employer or in the collaborative partnership, a rotation policy must be adhered to. It must be ensured that the management of the professional organization cannot exert any influence on the way in which the actuary practices his profession. The professional organization does not employ any staff, who are in a dependent relationship with the pension fund, which acts as the client vis-à-vis the actuary. It must be ensured that the professional organization does not receive any result-related compensation from the pension fund which is certified. The professional organization applies procedures for instruction, training and compliance with the so-called impartiality provisions, procedures for reporting in the actuarial field to the insurance institutions, procedures for internal review and procedures for internal compliance.

3. Members Actuary AG will not act as certifying actuary when one or more of the following circumstances occur:
 1. The actuary is employed by or has close business relations with the pension fund or with the administrative agency, over which the pension fund exercises direct or indirect control.
 2. The actuary has financial interests in the pension fund.
 3. The actuary is involved in the execution of administration assignments or separate advisory assignments for the pension fund.
 4. The actuary is (co) responsible for the preparation of the drawing up of the annual accounts; the same applies in the case of involvement of persons who support the actuary.
 5. The actuary has such a relationship with a person who is (co) responsible for the financial accountability of the pension fund, that his impartiality as Certifying Actuary may be under threat.

Article 12 – Acceptance of assignment

Without prejudice to the right of each client to grant an assignment to certify to another actuary, regarding the execution of activities in connection with the annual accounts of a pension fund, which until that point had been executed by another actuary (hereinafter: the previous actuary), this assignment is not to be accepted until after consultation with the previous actuary, insofar as he is available for consultation. This consultation is to deal with the question whether the cause of the work transfer lies in a difference of opinion with the client arising from the application of these Rules. If that appears to be the case, the successor actuary will suspend a definitive acceptance of the assignment until the difference of opinion between the pension fund and the previous actuary has come to a solution. In the meantime, only provisional work can be executed, should the client's interests require so.

Article 13 – Obligations

1. The actuary who has been commissioned to act as Certifying Actuary in accordance with Article 11, paragraph 1, subsection 2, is required to comply with the further regulations regarding the (actuarial) standards, as stipulated in the Professional Regulations.
2. A Certifying Actuary is not permitted to allow him being mentioned as such in the report of the institution concerned if it is impossible for him to form an impartial opinion.

Section V Information requirement regarding revenue derived from financial transactions

Article 14 – Information requirement

If the actuary mediates in the formation or conservation of insurances or investments, he is required to give full disclosure to the client for whom he performs this mediation of the revenue arising from this mediation for him or for the organization he represents.

Section VI Concluding provisions

Article 15 – Take effect

These Rules come into effect on 1 January 2017 and will replace the current Rules of Order effectively from this date.

Article 16 – Concluding provision

In the event that an actuary is confronted with exceptional situations -which impede observance of these Rules- he is required report this to the board of the Royal Actuarial Association.