



Society of Actuaries
in Ireland

Professional Requirements: A Guide for Members

Winter 2019

Introduction

The Society of Actuaries in Ireland (“Society”) places professional requirements on its members. This paper aims to explain to members (and other stakeholders) why it does this and how these professional requirements are structured. It also aims to help any members who are developing those requirements, by making clear our objectives. The paper addresses: -

- Why the Society has Professional Requirements
- The Code of Professional Conduct
- Principles and Objectives in setting ASPs
- How the Society produces and changes its Requirements
- Support to members
- How the Society and its Professional Requirements relates to other relevant bodies and their rules

This is a “self-regulation” regime, whereby Council’s authority derives principally from the Society’s Memorandum and Articles of Association rather than from legislation or other external authority. Members of the Society commit to complying with professional requirements by completing a declaration to that effect on applying to join, and they are reminded of this obligation when they pay their annual subscription.

It should be noted that members may also be subject to various statutory and regulatory requirements.

Important

It is each member’s personal responsibility to stay up to date regarding responsibilities and requirements of being a member of the Society.

These requirements are produced by the Society, updated from time to time and made available to view on the Society’s website.

1. Why does the Society set Professional Requirements?

The Society's aim in setting professional requirements is to foster confidence in the quality of actuarial work. The Society also aims to help members in practical ways, by helping them to understand what constitutes expected behaviours and good practice. This in turn helps members to perform their professional duties in a way that enhances the reputation of the profession and respects and serves the public interest.

Many members of the Society hold positions of significant responsibility or work in roles in which they support others in such positions. Users of their services may include corporate entities, trustees of pension schemes, individual consumers, regulatory/supervisory bodies, government departments and others.

Users need to have confidence that members will conduct themselves in a proper way. The Society also needs to have confidence in this regard, as it strives to develop the role and standing of the profession.

Users, and the Society, also need to have confidence that members will perform their work to high standards in all respects, from determining methodologies and assumptions through to ensuring that results are complete and accurate and are well presented.

Lastly, users need to have confidence in the Society itself.

Therefore, the Society sets Professional Requirements for members relating to

- Conduct
- Performance of work.

Structure of Requirements

These Requirements include a Code of Professional Conduct that addresses conduct and behaviour and Actuarial Standards of Practice (ASPs), some of which address behaviour and some that address technical issues.

All members are subject to the rules of the Society's Disciplinary Scheme.

Some actuarial roles may only be performed by members if they hold a practising certificate issued by the Society. The Society only issues such certificates if there is a statutory or regulatory requirement for the role to be performed by an actuary. There are requirements, in addition to those normally imposed, for members to be eligible for certification, in particular regarding relevant experience. The process of issuing certificates is done by the Practising Certificate Committee.

2. The Code of Professional Conduct (“CPC”)

The CPC is the key over-arching member requirement. It states the basic principles of conduct that the Society expects from members and it applies to all members both in the conduct of their work and in other contexts where a member’s conduct could reasonably be considered to reflect on the profession.

It consists of five principles plus “amplifications” which illustrate the application of the principles.

CPC Principles

Integrity

Members will act honestly and with the highest standards of integrity.

Competence and Care

Members will perform their professional duties competently and with care.

Impartiality

Members will not allow bias, conflict of interests or the undue influence of others to override their professional judgement.

Compliance

Members will comply with all relevant legal, regulatory and professional requirements. Members will take reasonable steps to anticipate and address situations where they may be unable to comply. Members will challenge non-compliance by others.

Open Communication

Members will communicate in an appropriate manner and meet all applicable reporting standards.

As the CPC comprises principles rather than detailed rules, it changes infrequently.

3. What are the Society's Principles and Objectives in setting ASPs?

ASPs are more detailed than the CPC. They come in two forms: those of general application and those only applying in specific circumstances.

The general application ASPs are: -

ASP PA-1, which imposes requirements for Continuing Professional Development (CPD) and Professionalism training and applies to all Fellow and Associate Members, and

ASP PA-2, which applies to all members when they are performing actuarial services (defined in the ASP) and deals with the performance of those services.

The specific ASPs, by contrast, mostly depend on what work the member is doing, and the ASPs are arranged on the website accordingly e.g. Pensions, Expert Witness, Life Insurance, General Insurance etc.

In some cases, the ASP may apply regardless of the location of the work, e.g. ASP GEN-1 General Insurance Business: Actuarial Reports.

In some cases, the ASP may be relevant to specific aspects of work regulated in the Republic of Ireland e.g. ASP PRSA-1 Annual certification of PRSA Providers

Considerations for Change

The Society will consider whether it needs to change its ASPs:

- If there are changes in the relevant regulatory environment
- In response to any perceived weaknesses or gaps
- If it believes that a change will bring substantive benefits to users of actuaries' services, members of the Society or the public
- If all or part of an ASP has become obsolete
- If a new International model standard is issued (see section 6 below)

In assessing whether change is necessary, the Society will also consider:

- What is the issue that needs to be addressed?
- Is the issue important from a public interest perspective?
- Does the issue impact on a significant number of people?
- Could adherence to an ASP potentially prevent the loss of significant sums of money by third parties or prevent significant damage to the reputation of the actuarial profession?
- Could inconsistency in practices, across the profession, undermine confidence in the financial services industry or in the actuarial profession?
- Would a change be positive in assisting the Society to meet the objectives below?
- How does the cost of producing, maintaining and observing the ASP (to the Society, members and industry) compare to the benefits from it?

Objectives for Producing ASPs

In producing its ASPs, the Society has 4 objectives:

To foster high quality in Actuarial work

- Help ensure that actuarial work is relevant, complete, accurate and communicated clearly.
- Foster a shared understanding of what constitutes good practice.

To promote consistency of Actuarial work

- Foster rigour in work practices.
- Foster appropriate consistency of results of work. Most actuarial work deals with uncertainty and two members working on the same problem could produce two different answers. However, in some circumstances, similarity of answers from different members performing the same work may be desirable and in the public interest. In such circumstances, ASPs may be used to apply collective expert judgment to actuarial work.

To promote behaviour that enhances the reputation of the Profession

- Demonstrate the practices and behaviours that the Society considers important.
- Provide a benchmark against which members' conduct can be assessed and action taken if it falls short.

To support and assist Members

- Provide support for members who may be challenged by clients or employers with regard to the assumptions, methodologies and approaches used.
- Help members to meet legislative and regulatory requirements by bringing clarity when needed.

An ASP should only be created if it is believed that without it the objectives above will not be met.

Having decided that a new ASP is needed (or that an existing one needs to be changed), the Society follows, as far as practicable, the principles below.

Practicality

- ASPs should be clear, written in plain language.
- They should be written so that it is clear whether they have been complied with, or not.
- They should be consistent with the CPC, and with each other.
- They must be consistent with the law and with regulation.
- There should be clear distinction between that which is mandatory in all circumstances (“must”) and that which is mandatory in most circumstances (“should”).

Utility

- Where possible they should be drafted on as wide a basis as possible (e.g. one for insurance rather than one each for life and non-life insurance addressing common issues).
- An ASP should not be more prescriptive than is necessary to achieve the purposes for which it is introduced.
- Where practical they should be drafted in a way that is future robust.

Fairness

- They should be fair to members, users of actuaries’ services and the public.
- They should not place requirements on members that would lead to extra costs to users of actuarial services, save where this is deemed necessary to support the Society’s aims described in section 1 or its objectives above.

Wider Context

- They should not unduly constrain actuarial practice or deter innovation.
- They should not unduly constrain industry by imposing disproportionate costs, restricting competition or deterring change.
- They should not attempt to unilaterally impose barriers to work being done by people who are not actuaries.

Economy

- ASPs should not simply repeat or restate requirements that appear elsewhere.
- In particular, member conduct is governed by the CPC, which an ASP need not repeat. However, if appropriate an ASP may draw attention to a conduct issue which is relevant to the subject of the ASP.
- Alternatives to issuing an ASP should be considered, if such an alternative would be quicker or simpler and achieve the same goal?

4. How the Society produces and changes its Requirements

Formal Governance

According to the Articles of Association of the Society, Council is responsible for making and amending codes, standards and requirements relating to professional conduct, competence and practice. It can do this without approval from members unless such approval is requested by at least 10% of Fellows.

For changes to the Rules of the Disciplinary Scheme and the Regulations relating to Practising Certificates, it must get approval from members.

Approval from members means approval at a meeting at which at least two-thirds of Fellows who vote on the proposal, vote in favour.

Administrative Practice

Council looks to its Practice Committees to monitor their specific member issues (e.g. the Life Committee will look after ASPs on life insurance). It looks to the Professional Affairs Committee to do the same for the CPC, the general ASPs, the Disciplinary Scheme and Practising Certificates. There is also a Practising Certificate Committee.

In this it expects the Committees to identify when new ASPs are needed or existing ones need updating or deleting. The Committees should also identify when there are gaps that need remedy. However, this work is only a part of the work that the Practice Committees carry out. In particular they are involved in the process of producing opportunities for professional development.

A report is regularly prepared for the Professional Affairs Committee on the status of ASPs (whether they are up to date or need revision etc).

The Committees make recommendations to Council, who make the decision whether to change or not. For non-minor changes there is usually a period of consultation with members.

The Society has produced guidelines for Committees to help them in the process of preparing ASPs for recommending to Council. These are included as Appendix 2.

5. What support does the Society give to assist its members to meet Requirements?

The Society's monthly eNews provides members with details of new or amended professional requirements.

The Society provides an extensive programme of professionalism training and other continuing professional development activities, including practice area and role-specific forums. It also draws members' attention to relevant events provided by other organisations.

While it is a member's responsibility to keep up to date regarding in-force ASPs and other requirements, reading Society emails and monthly [eNews](#) bulletins will assist, as will attending relevant [CPD events](#) such as practice area forums.

The Society's Member Support Service includes access to a Member Support Panel, which can put members who are facing a challenging issue or dilemma in touch with an appropriately experienced actuary who can offer informed, relevant and objective guidance.

"Frequently Asked Questions on Actuarial Standards of Practice" and "Whistleblowing: A Guide for Actuaries" are available on the Society's website. Members should be familiar with both these documents.

Educational Resources

The Society has from time to time issued Information and Assistance Notes (IANs) to aid actuaries in their work. Information and Assistance Notes are non-binding resource material. Actuaries are encouraged to study and consider Information and Assistance Notes that may be relevant to their work, but will need to exercise judgement as to their suitability, relevance and sufficiency in the context of the particular entity or entities for which they act.

6. How the Society and its Professional Requirements relates to other relevant bodies and their rules

The Society does not operate in a vacuum. It interacts with international actuarial bodies and actuarial bodies of other nations. It has to follow the law. It cooperates with statutory bodies within Ireland.

International Actuarial Bodies

The [International Actuarial Association](#) (IAA) and the [Actuarial Association of Europe](#) (AAE) require member associations to have a Code of Professional Conduct in place that reflects their codes.

The IAA and AAE develop model standards of actuarial practice - [International Standards of Actuarial Practice](#) (ISAPs) from the IAA and [European Standards of Actuarial Practice](#) (ESAPs) from the AAE - on a range of topics. These model standards are not binding on individual actuaries (though actuaries may choose to apply them and clients or employers may require them to do so). Rather, the ISAPs and ESAPs are models for standard-setters (such as the Society) to consider and the IAA and AAE encourage their member associations to put in place substantially consistent standards, if they have not already done so.

The Society is a member association of both the IAA and the AAE and contributes to the drafting of ISAPs and ESAPs.

When an ISAP or ESAP is formally adopted by the IAA or AAE, the Society considers it and decides whether or not to implement its provisions, which may be done by adopting a new ASP or adapting an existing ASP. The decision is based on the Principles and Objectives that the Society has in setting ASPs as detailed in section 3 above. In practice this would normally be done initially by Practice Committees making recommendations to the Professional Affairs Committee, with final decisions being taken by Council, normally after consultation with members.

Appendix 3 lists current ISAPs and ESAPs and indicates which have been adopted by the Society. This Appendix will be updated periodically so members can be aware of the current position.

Both bodies may also issue educational notes, the IAA issues International Actuarial Notes (IANs) and the AAE may issue European Actuarial Notes (EANs). They impose no obligations on individual actuaries, nor is the Society obliged to adopt them.

Statutory Bodies and the Law

The Society's work in setting professional requirements is not generally subject to oversight or approval by an external party. An exception applies in respect of some (parts of) pensions ASPs that are subject to approval by the Minister for Employment Affairs and Social Protection.

The Society and the regulatory/supervisory bodies that are relevant to actuarial work operate independently. The Society does engage regularly with the Central Bank of Ireland ("Central Bank"), Health Insurance Authority and the Pensions Authority, for example discussing emerging legislation and/or regulatory requirements. This is to ensure that the Society has an understanding of the intention behind any new requirements and any challenges these may pose and the Society can then consider how it can support its members effectively in fulfilling their responsibilities. The Society also engages

with other bodies, such as the Department of Employment Affairs and Social Protection (on pensions matters). The Society responds to consultations issued by external bodies, and often invites input from external bodies on planned changes to ASPs.

The Society's interaction with these bodies may influence decisions concerning professional requirements but does not determine them.

There are areas where legal obligations are placed on actuaries and these again influence the Society. Important examples are listed in Appendix 1.

Other National Actuarial Bodies

Members may be subject to requirements and indeed laws from other countries, due to the international nature of much actuarial work or membership of other actuarial bodies. It is the member's responsibility to ascertain such requirements where applicable.

The most common instance relates to the UK actuarial professional body, the Institute and Faculty of Actuaries (IFoA), as many members of the Society are also members of the IFoA and are therefore subject to the IFoA's professional requirements and may be subject to requirements set by the UK Financial Reporting Council. The Society may consider whether some conformity between the Society's and the UK's requirements would be appropriate and helpful. However, this is not a driving factor in deciding on the Society's requirements.

Further information and assistance

More guidance is given in "FAQ: Actuarial Standards of Practice".

If you would like more information about any matter mentioned in this document, or if you have any other questions about ASPs or other aspects of the Society's professional requirements, please contact the Society at info@actuaries.ie.

If you have concerns about a professional matter, you may wish to avail of the Society's [Member Support Panel](#), in which case the Society will introduce you to an appropriately experienced actuary with whom the matter can be discussed.

APPENDIX 1: Examples of legislative and regulatory requirements specifically applicable to actuarial work

Scheme Actuary:

Under the Pensions Act 1990 (Section 51), trustees of defined benefit pension schemes must engage an actuary to carry out certain functions. Under Article 6(7) of Occupational Pension Schemes (Disclosure of

Information) Regulations (SI 301 of 2006), the Scheme Actuary must be a Fellow of the Society and must hold a practising certificate issued by the Society.

Scheme Actuaries must have a sample of their work reviewed and the review must be carried out in accordance with the Society's ASP PEN-10, which specifies that the reviewing actuary must be a Fellow of the Society and must hold or have recently held a Scheme Actuary practising certificate

PRSA Actuary:

Under section 96(1)(d) of the Pensions Act 1990, PRSA providers must appoint or engage a PRSA Actuary. Under section 9(5) of PRSA Regulations (SI 503 of 2002) this must be a Fellow of the Society. The Society requires PRSA Actuaries to hold a practising certificate.

Head of Actuarial Function:

Under the "Domestic Actuarial Regime and Related Governance Requirements under Solvency II 2018" issued by the Central Bank of Ireland, insurance and reinsurance undertakings established in Ireland must appoint or engage a Head of Actuarial Function (HoAF), who must be a member of a recognised actuarial association.

Under the Life Assurance (Provision of Information) Regulations, 2001 (S.I. No. 15 of 2001), life assurance companies must appoint or engage a Fellow of the Society to certify that, in preparing prescribed disclosure of information to policyholders, the insurer complied with the actuary's advice and relevant guidance notes (ASPs) issued by the Society. The Domestic Actuarial Regime requires the HoAF to do this.

Independent Actuary

Under section 13 of the Assurance Companies Act 1909, any scheme which provides for the whole or part of the long-term business carried on in the Republic of Ireland by an insurance company to be transferred to another body requires the prior sanction of the High Court in Ireland. The court will consider the scheme on the basis of a petition by one of the parties, and, in practice, the petition must be accompanied by a report on the terms of the scheme by an Independent Actuary.

Work that must be performed in accordance with guidance issued by the Society (but not necessarily by an actuary)

Transfer payments from an occupational pension scheme must be calculated in accordance with a guidance note (ASP Pen-2) issued by the Society and guidance issued by the Pensions Authority.

Statements of Reasonable Projection provided to holders of certain pension arrangements must be prepared in compliance with guidance notes (ASP Pen-12, ASP PRSA-2, ASP PRSA-3) issued by the Society (some limited exceptions apply).

Appendix 2 Guidance to Committees on preparing or changing ASPs

Process

1. When substantive changes to an ASP (or a new ASP) are required, the Committee should first submit a Statement of Intent (“Sol”) to the Professional Affairs Committee and then to Council. This allows early flagging of issues from Council and in particular should Council not agree that changes or a new ASP are required, then this can save substantial work.
2. The Sol should include sections on: purpose – why a change is required; background – covering application of the ASP, brief history and anything else of relevance; and a project plan covering who will do what and when.
3. Once go-ahead is received from Council, work may progress.
4. The next stage is to prepare a final proposed new draft ASP for consideration by the Professional Affairs Committee and then Council.
5. If Council approves, the new draft goes to member consultation.
6. Subject to responding to issues raised by members during consultation, a final version goes to Council for approval.

Content

7. The ASP should begin with a statement explaining what it covers and why it has been drawn up. If there is any relevant legislation or regulatory requirements, they should be mentioned in the introductory statement.
8. When being drafted it should be checked that it does not conflict with the CPC or other ASPs.
9. Regard should be had to the ASP PA-2 General Actuarial Practice as a “foundation” standard
10. The ASP should not be more prescriptive than is necessary to achieve the purposes for which it is introduced.
11. The ASP should not restate what is in legislation unless it needs to be clarified or amplified.

Drafting style

12. The ASP should be clear, concise and thorough in describing the actuary’s responsibilities. The language should be as simple as is practicable (plain English is desirable) and care should be taken to avoid ambiguity.
13. Avoid examples, or if included, state that they are not exhaustive.
14. There should be clear distinction between that which is mandatory in all circumstances (“must”) and that which is mandatory in most circumstances (“should”). ASP PA-2 gives the definition of “should”.

Appendix 3 Status of ISAPs and ESAPs

ISAPs and ESAPs in force as at November 2019 are: -

ESAP 1: General Actuarial Practice - issued 3 October 2014

ESAP 2: Actuarial Function Report under Directive 2009/138/EC (Solvency II) - issued 4 February 2016

ESAP 3: Actuarial practice in relation to the ORSA process under Solvency II - issued 2 August 2017

ISAP 1 – General Actuarial Practice – Revision adopted on 1 December 2018; minor correction on 16 April 2019

ISAP 1A – Governance of Models – 21 November 2016

ISAP 2 – Financial Analysis of Social Security Programs – 1 December 2018

ISAP 3 – IAS 19 Employee Benefits – 1 December 2018

ISAP 5 – Insurer Enterprise Risk Models – 1 December 2018

ISAP 6 – Enterprise Risk Management Programs and IAIS Insurance Core Principles – 1 December 2018

ISAP 4 – IFRS 17 Insurance Contracts is under development

Implementation

This table illustrates the current position on implementation (as at October 2019):

Implementation status of the International Standards	
ESAP 1	Implemented as ASP PA-2, General Actuarial Practice
ESAP 2	Implemented as ASP INS-1, Actuarial Function Report
ESAP 3	Not to be implemented in Ireland for the time being
ISAP 1	2017 version implemented as ASP PA-2, General Actuarial Practice , more recent version to be considered
ISAP 1A	Under consideration by the Society
ISAP 2	To be considered
ISAP 3	Under consideration
ISAP 5	To be considered
ISAP 6	To be considered

Appendix 4 List of ASPs In Force (as at December 2019)

General

- PA-1 Continuing Professional Development
- PA-2 General Actuarial Practice

Expert Witness

- EXP-1 The actuary as expert witness

General Insurance

- GI-1 General insurance business - actuarial reports

Insurance

- INS-1 Actuarial Function Report

Life Insurance

- LA-4 Additional guidance for Appointed Actuaries on policyholders' reasonable expectations
- LA-5 The prudential supervision outside the Republic of Ireland of life assurance business
- LA-6 Transfer of long-term business of an authorised insurance company – role of the independent actuary
- LA-8 Life Insurance Product Information
- LA-9 Life Insurance Remuneration information

Pensions

- PEN-1 Funding defined benefits - actuarial reports
- PEN-2 Retirement Benefit Schemes Transfer Values
- PEN-3 Actuarial Funding Certificates & actuarial statements under Pensions Act 1990
- PEN-4 Funding Proposals & actuarial statements under Pensions Act
- PEN-7 Calculations required under the Family Law Act, 1995, the Family Law (Divorce) Act, 1996 or the Civil Partnership and Certain Rights and Obligations of Cohabitants Act, 2010
- PEN-10 Compliance monitoring reviews of the statutory work of scheme actuaries
- PEN-11 Disclosure of directors' pensions costs under Irish stock exchange listing rules
- PEN-12 Statements of Reasonable Projection - Occupational Pension Schemes and Trust RACs
- PEN-13 Conflicts of Interest – Pensions Actuaries

PRSAS

- PRSA-1 Annual Certification of PRSA Providers
- PRSA-2 PRSA Product Information
- PRSA-3 PRSA Remuneration Information
- PRSA-4 PRSA Investment
- PRSA-5 PRSA and transfers from occupational schemes