

Professional Responsibilities of Pensions Actuaries in EU

April, 8
Brussels

Bart De Smet
Groupe Consultatif
Pensions Committee

Introduction

A Groupe Consultatif survey on professional responsibilities of pension actuaries

April 2001 : first edition covering various aspects of responsibilities of actuaries

→ participation of 26 countries

→ gave a first impression

Introduction

January 2002 : second edition

- fine tuning of answers on 2 questions
- cross check of answers within national actuarial associations

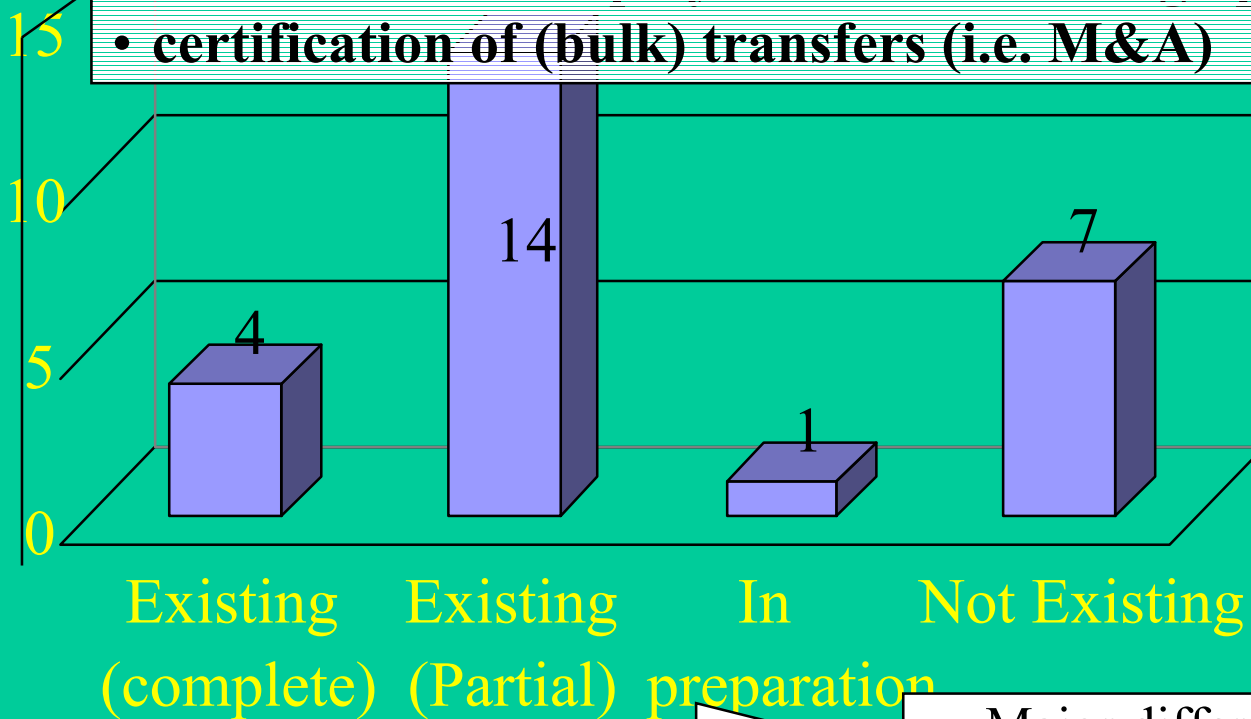
Proposal for Directive on activities of IORP's

- creation of a single financial market within EU
- specific role for pensions actuaries

1. Existence of a statutory role of pension actuary (1)

- certification of funding & solvency requirements
- certification of contributions
- certification of individual transfers
- certification of employer debt on winding up
- certification of (bulk) transfers (i.e. M&A)

Countries



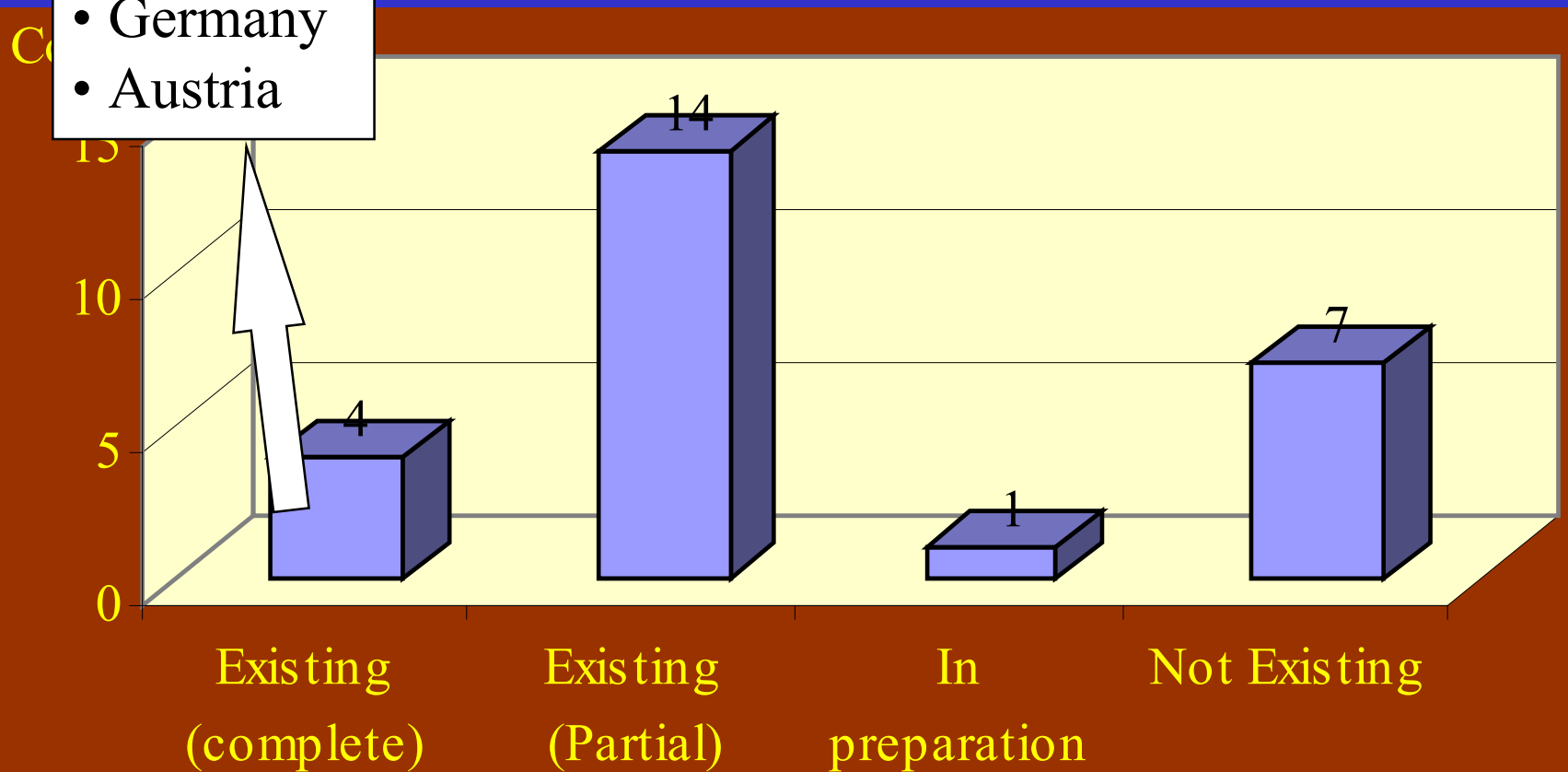
Existing (complete) Existing (Partial) In preparation Not Existing



Major differences between countries

1. Existence of a statutory role of pension actuary (2)

- UK
- Ireland
- Germany
- Austria

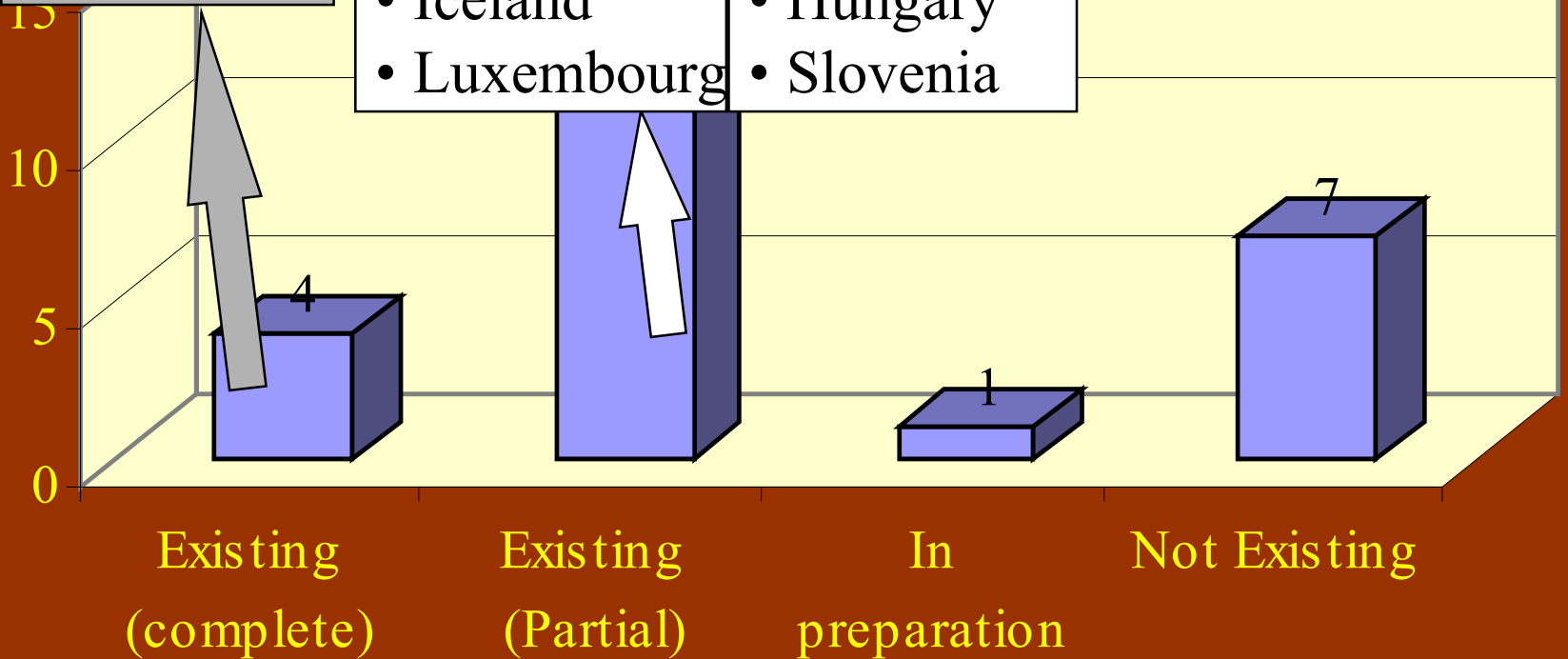


1. Existence of a statutory role of

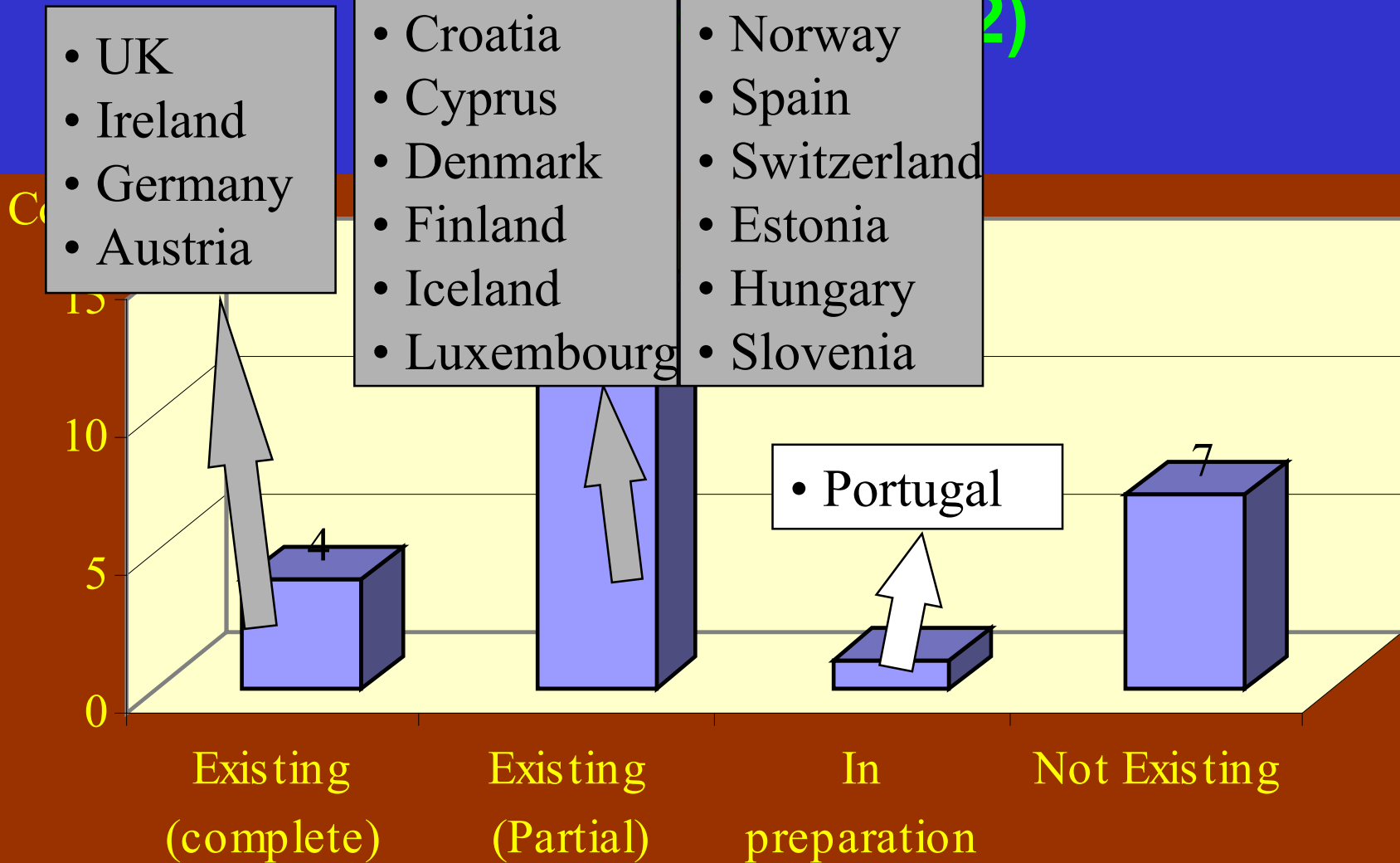
- UK
- Ireland
- Germany
- Austria

- Belgium
- Croatia
- Cyprus
- Denmark
- Finland
- Iceland
- Luxembourg
- Netherlands
- Norway
- Spain
- Switzerland
- Estonia
- Hungary
- Slovenia

Co



1. Existence of a statutory role of



1. Existence of a statutory

- France
- Greece
- Italy
- Sweden
- Central & Eastern European Zone
(Czech Republic, Latvia, Lithuania)

- Belgium
- Croatia
- Cyprus
- Denmark
- Finland
- Iceland
- Luxembourg

- Netherlands
- Norway
- Spain
- Switzerland
- Estonia
- Hungary
- Slovenia

- UK
- Ireland
- Germany
- Austria

- Portugal

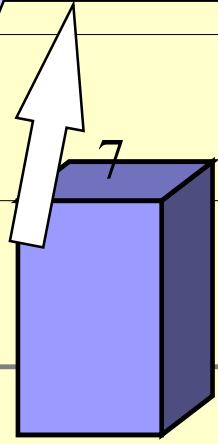
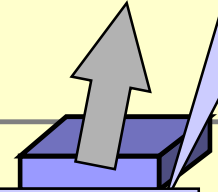
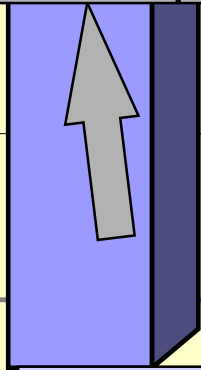
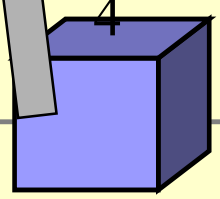
15
10
5
0

Existing
(complete)

Exi
(Pa

Legislation on occupational pensions in developing phase

Not Existing



1. Existing

- UK
- Ireland
- Germany
- Austria

- Belgium
- Croatia
- Cyprus
- Denmark
- Finland
- Iceland
- Luxembourg

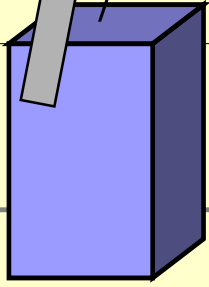
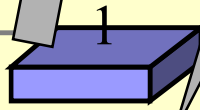
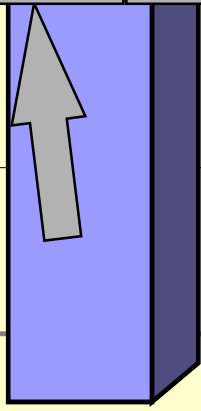
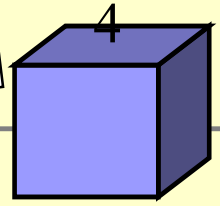
Only in these countries:
membership of national
actuarial society is
mandatory

- Estonia
- Hungary
- Slovenia

Central & Eastern
European Zone
(Czech Republic, Latvia,
Lithuania)

- Portugal

15
10
5
0



Existing
(complete)

Existing
(Partial)

Legislation on
occupational
pensions in
developing phase

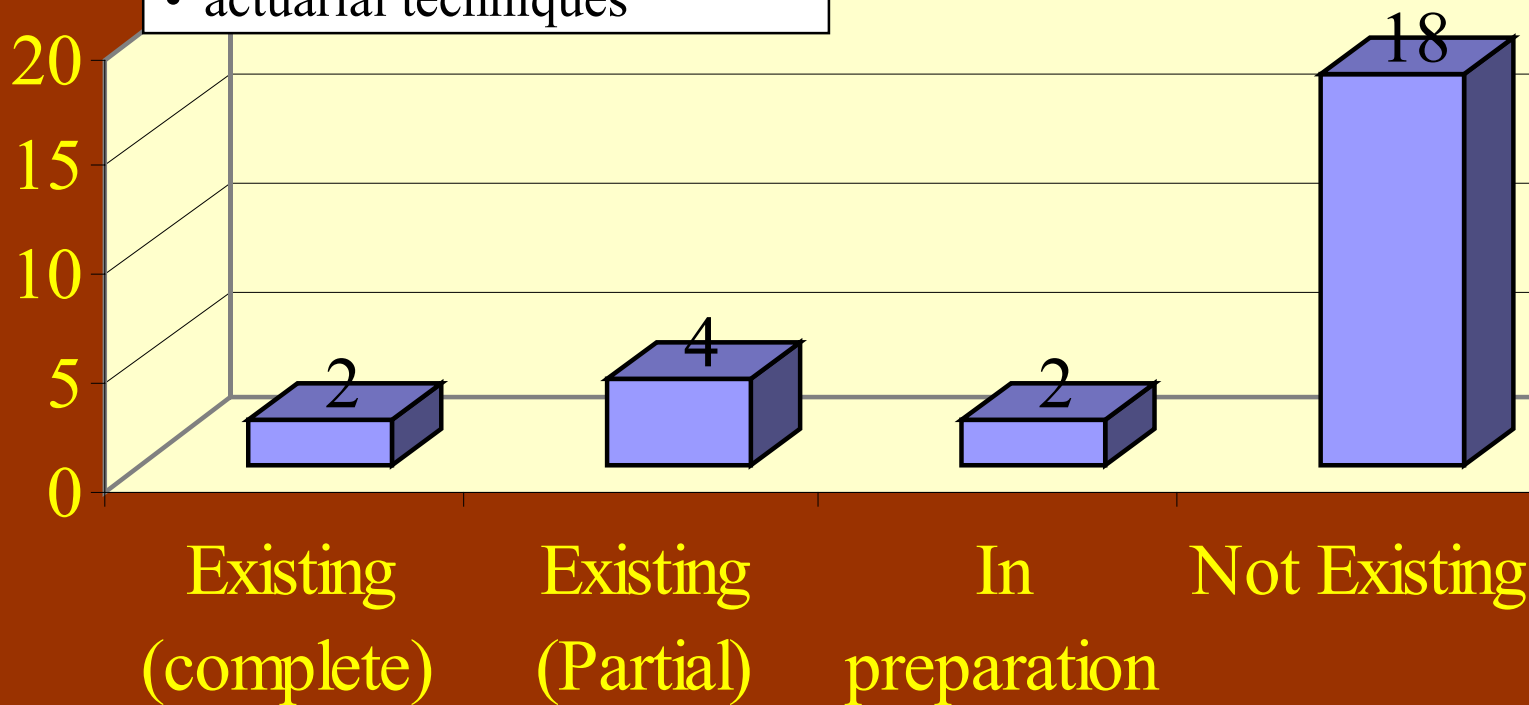
Not Existing

2. Existence of guidance notes or practice standards (local actuarial associations) (1)

Guidance notes give:

- contents of advice
- reflections on certain subjects
- actuarial techniques

Country



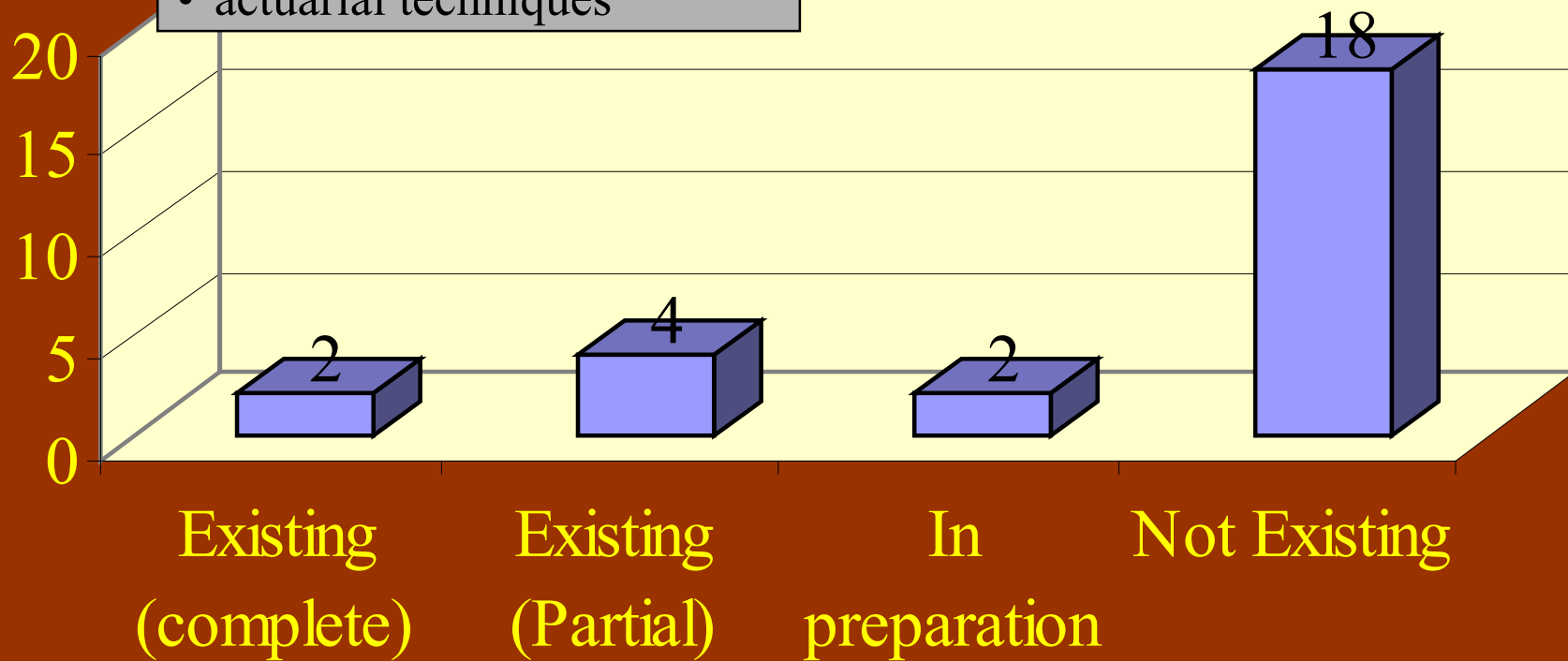
2. Existence of guidance notes or practice standards (local actuarial associations) (1)

Guidance notes give:

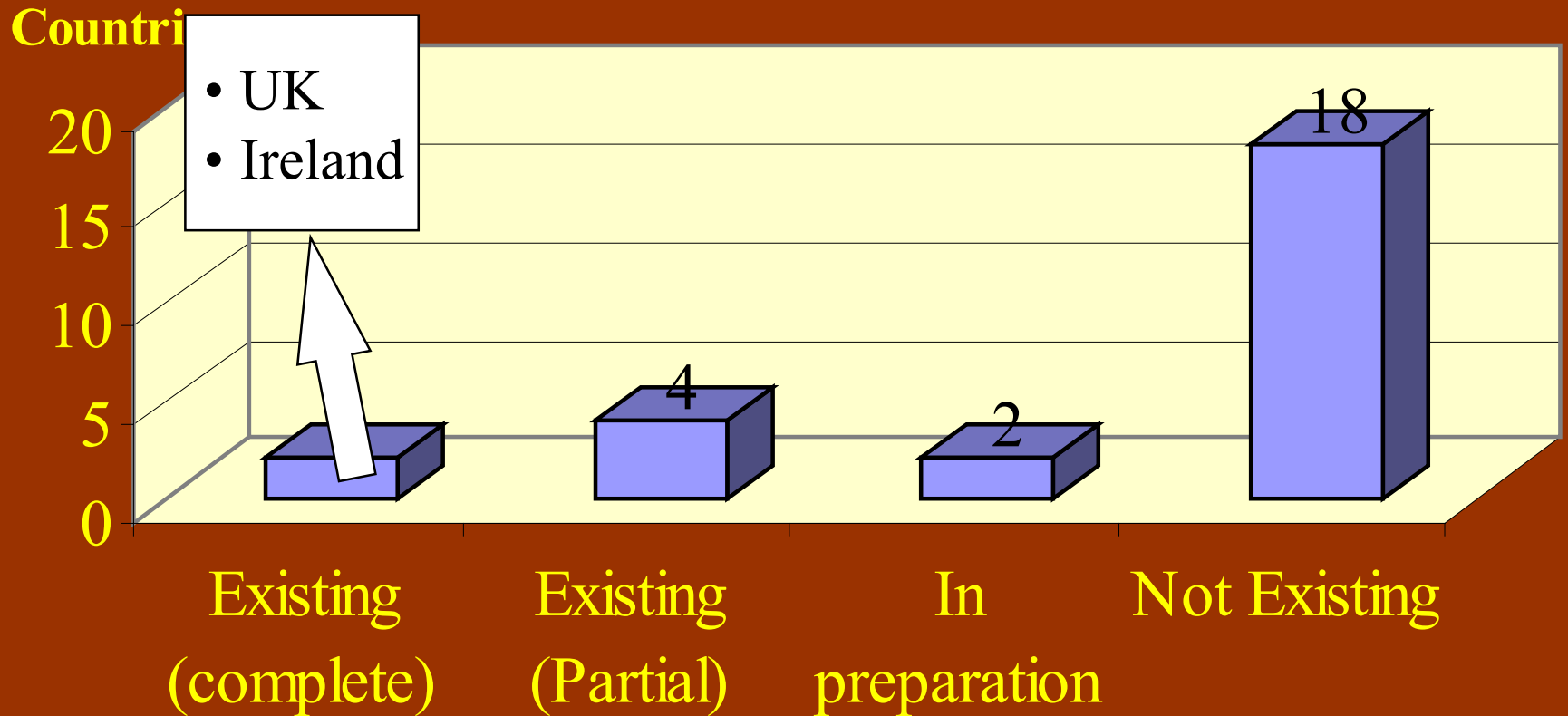
- contents of advice
- reflections on certain subjects
- actuarial techniques

- codes of conduct
 - ethical codes
- are not guidance notes

Countries



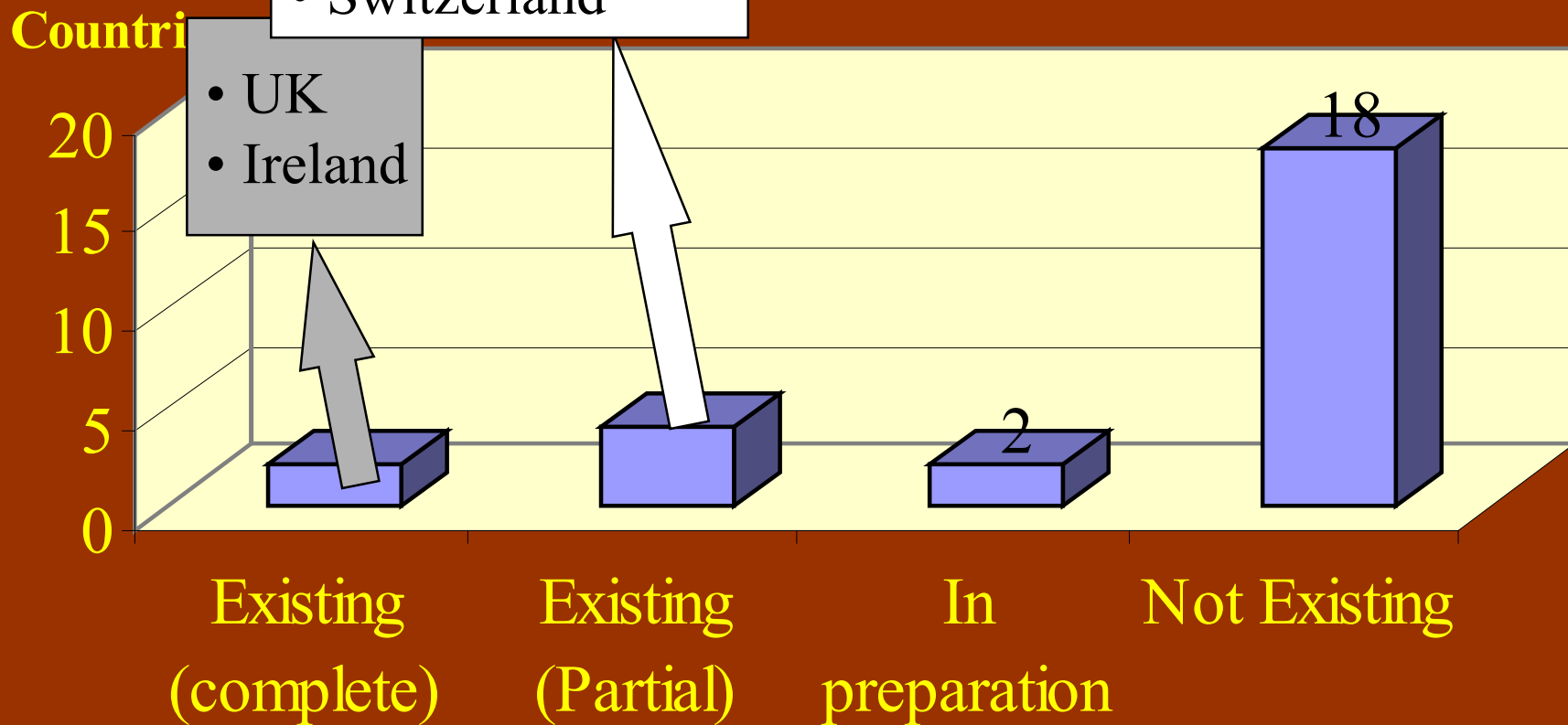
2. Existence of guidance notes or practice standards (local actuarial associations) (2)



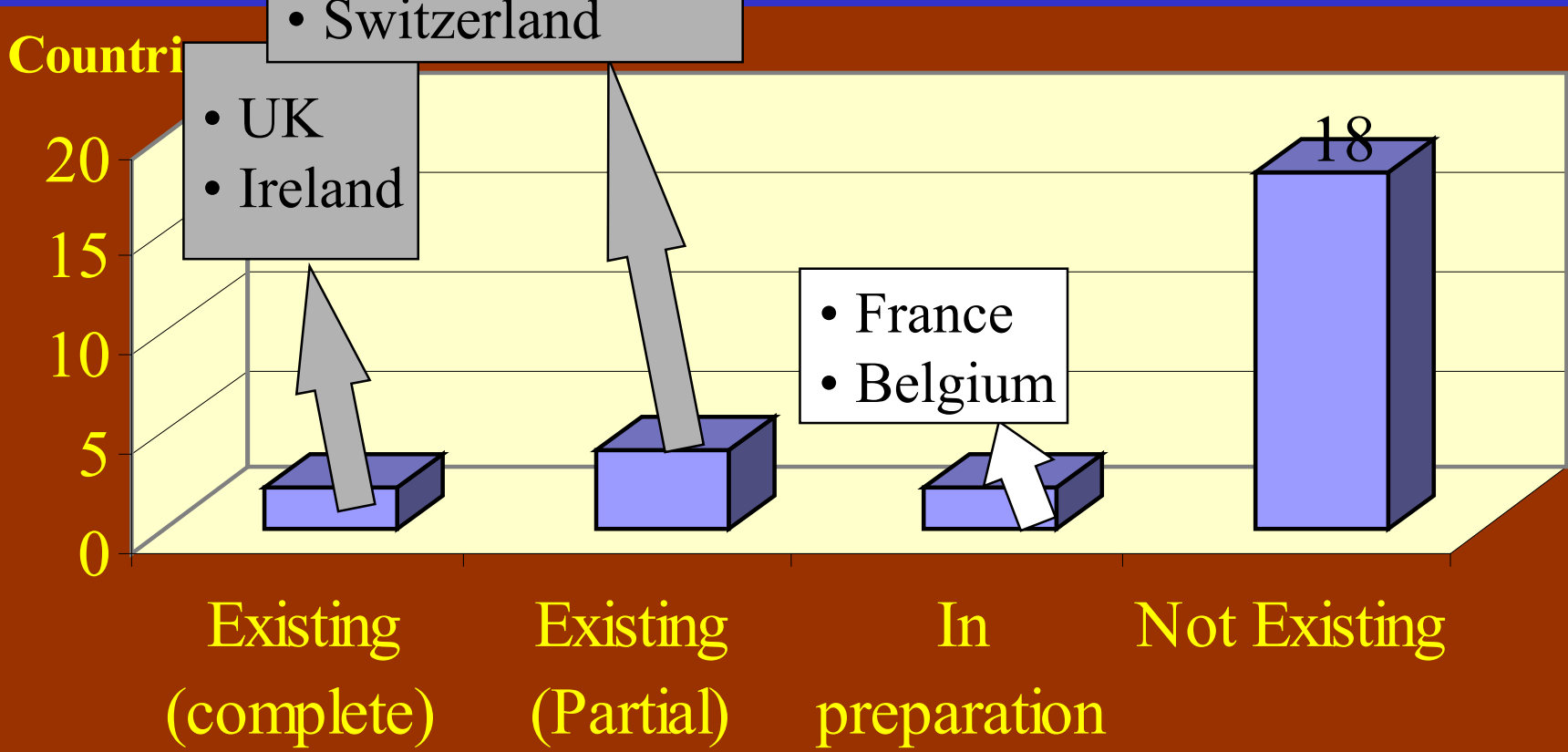
2. Existence of guidance notes or practice standards (for actuarial associations) (2)

- Austria
- Cyprus
- The Netherlands
- Switzerland

- UK
- Ireland



2. Existence of guidance notes or practice standards (for actuarial associations) (2)

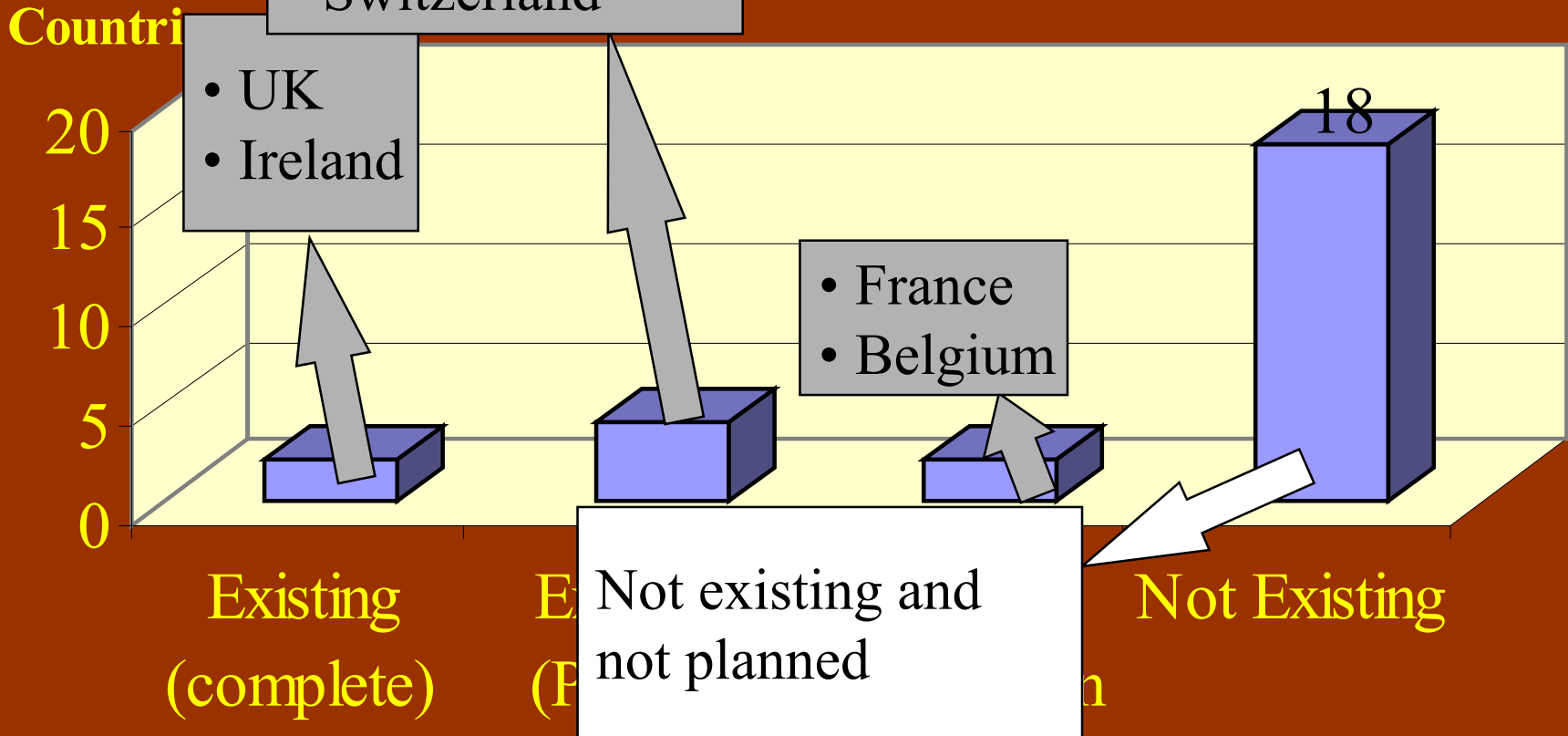


2. Existence of guidance notes or practice standards (for professional associations) (2)

- Austria
- Cyprus
- The Netherlands
- Switzerland

- UK
- Ireland

- France
- Belgium



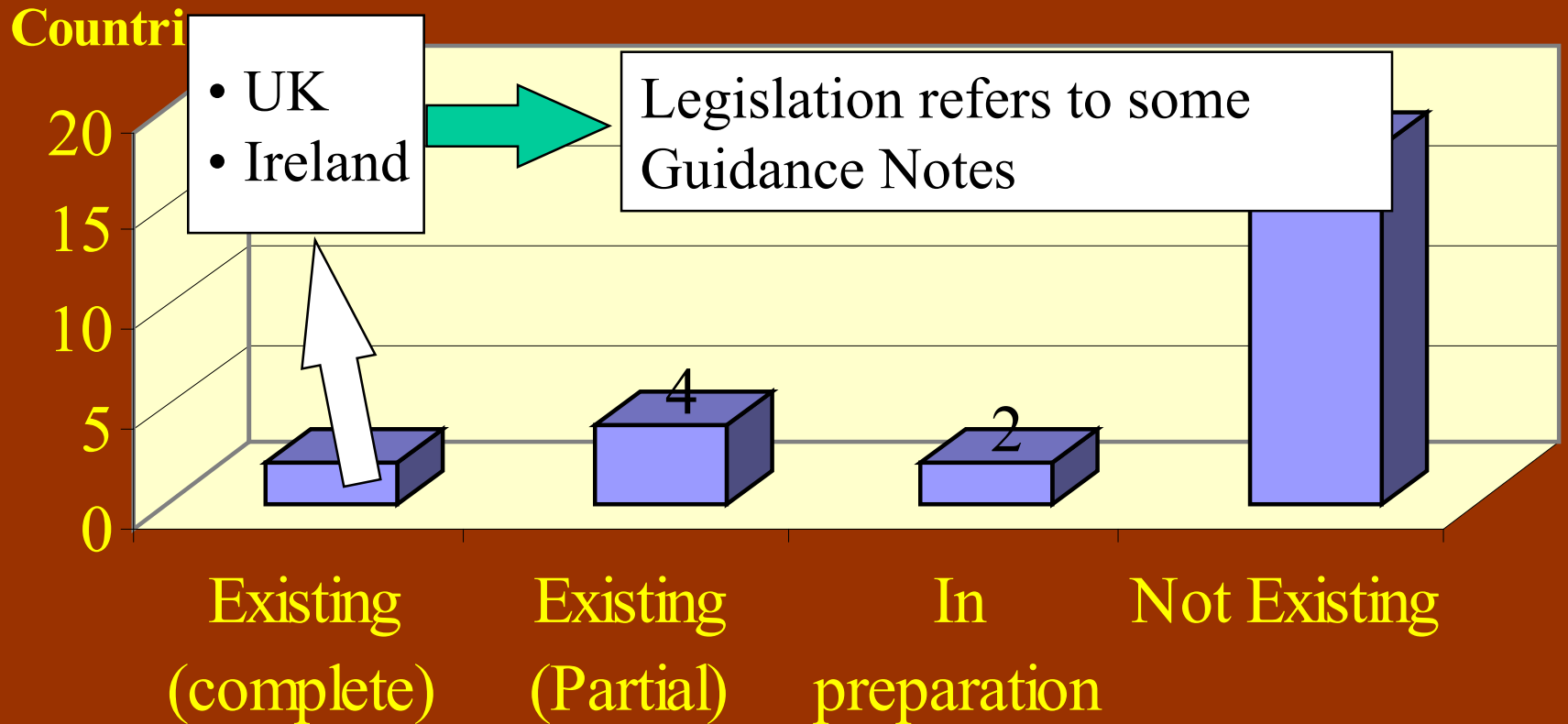
Existing
(complete)

Existing
(Partial)

Not existing and
not planned

Not Existing

3. Relationship between professional guidance and legislation



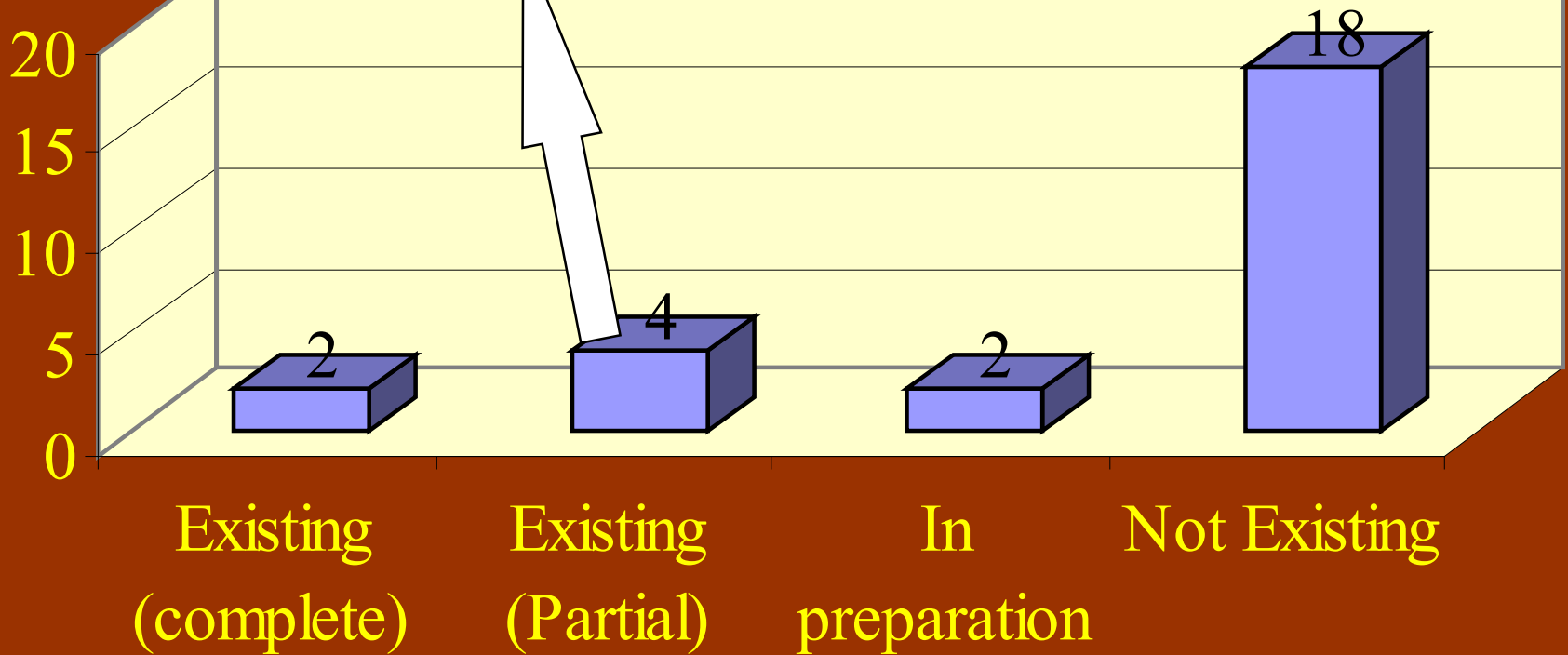
3. Relationship between...

- Austria
- Cyprus
- The Netherlands
- Switzerland

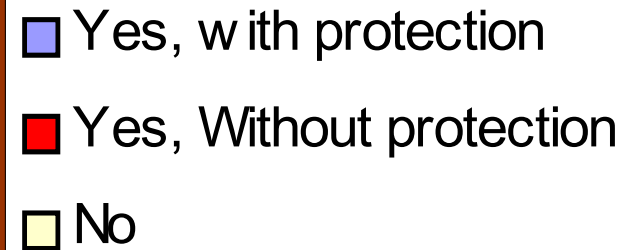
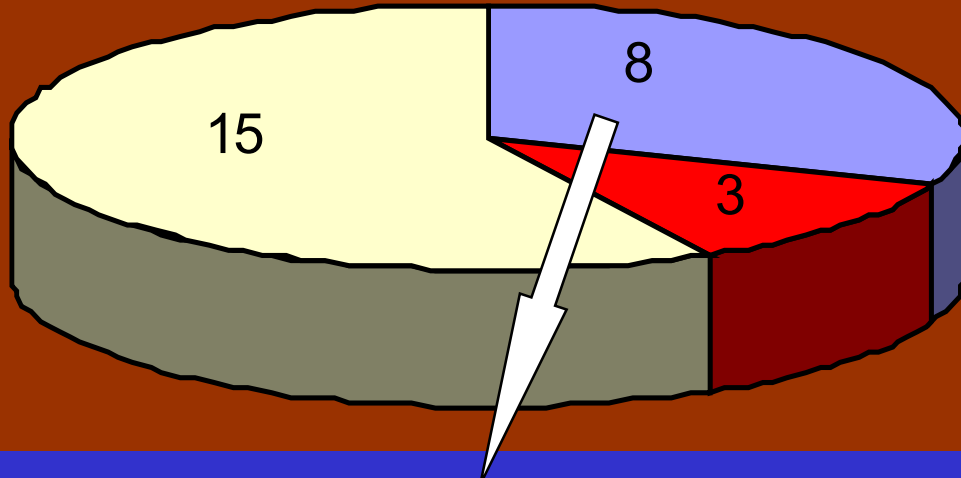
Integration of some Guidance Notes in legislation

Complementary but no official relationship between legislation & Guidance Notes

Countries



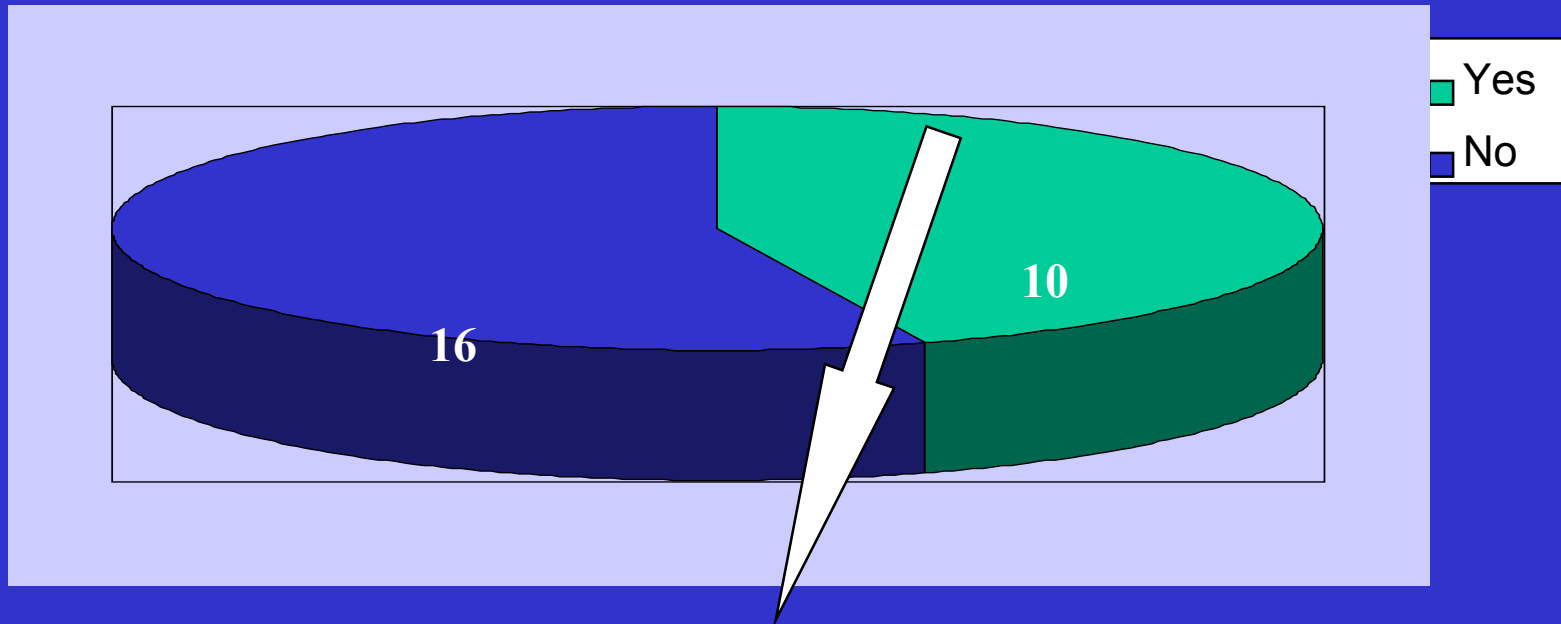
4. Requirements for actuaries to report problems to the supervisor



“Protection” for actuary in different forms :

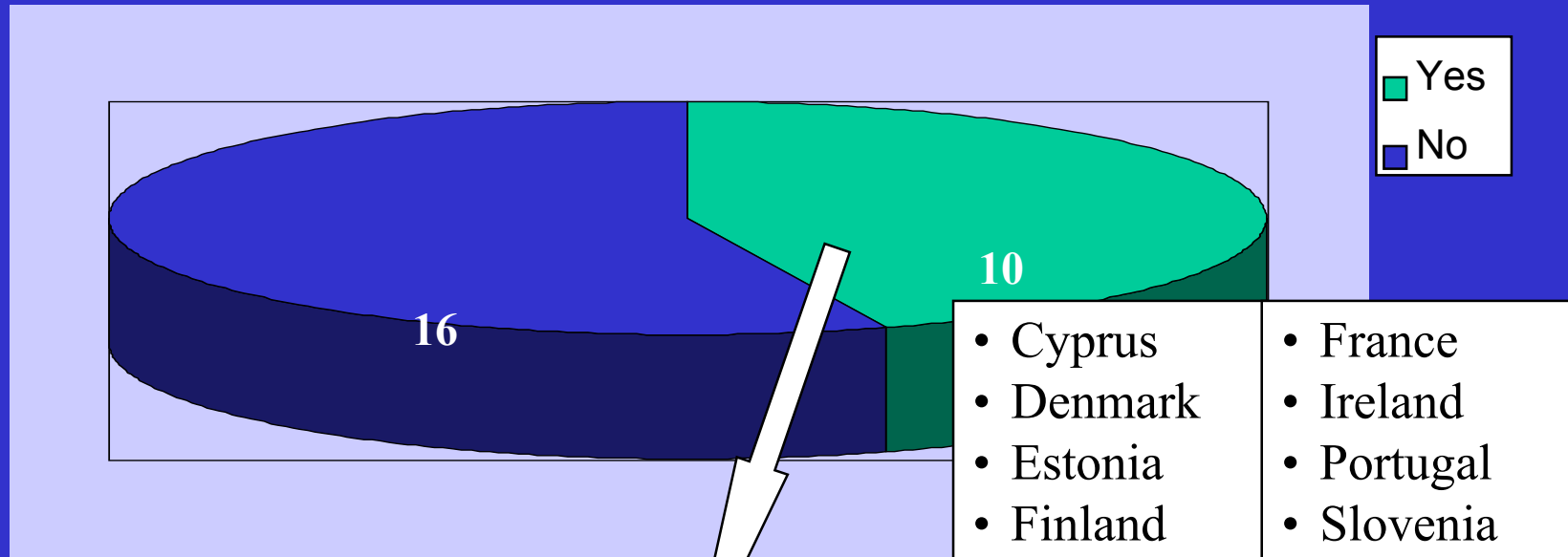
- statement/report outgoing actuary
- incoming actuary has to enquire about professional position
- supervisor to be informed if replacement
- protection by law not to be prosecuted if reporting material breaches

5. Guidance to actuaries when reporting requirements override client confidentiality



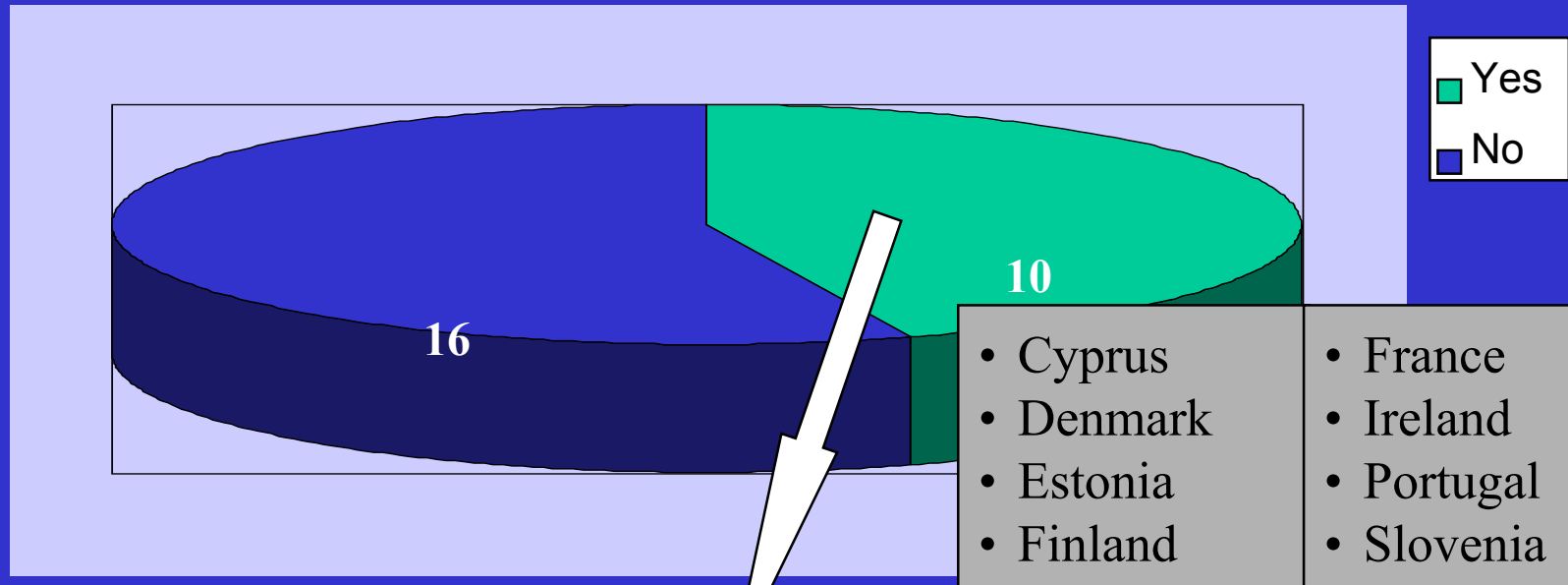
- Only some countries have a solution usually through reference to code of conduct or ethical rules
- In general, requirement to whistleblow & client specific contractual arrangements
- For the Netherlands, specific situation

5. Guidance to actuaries when reporting requirements override client confidentiality



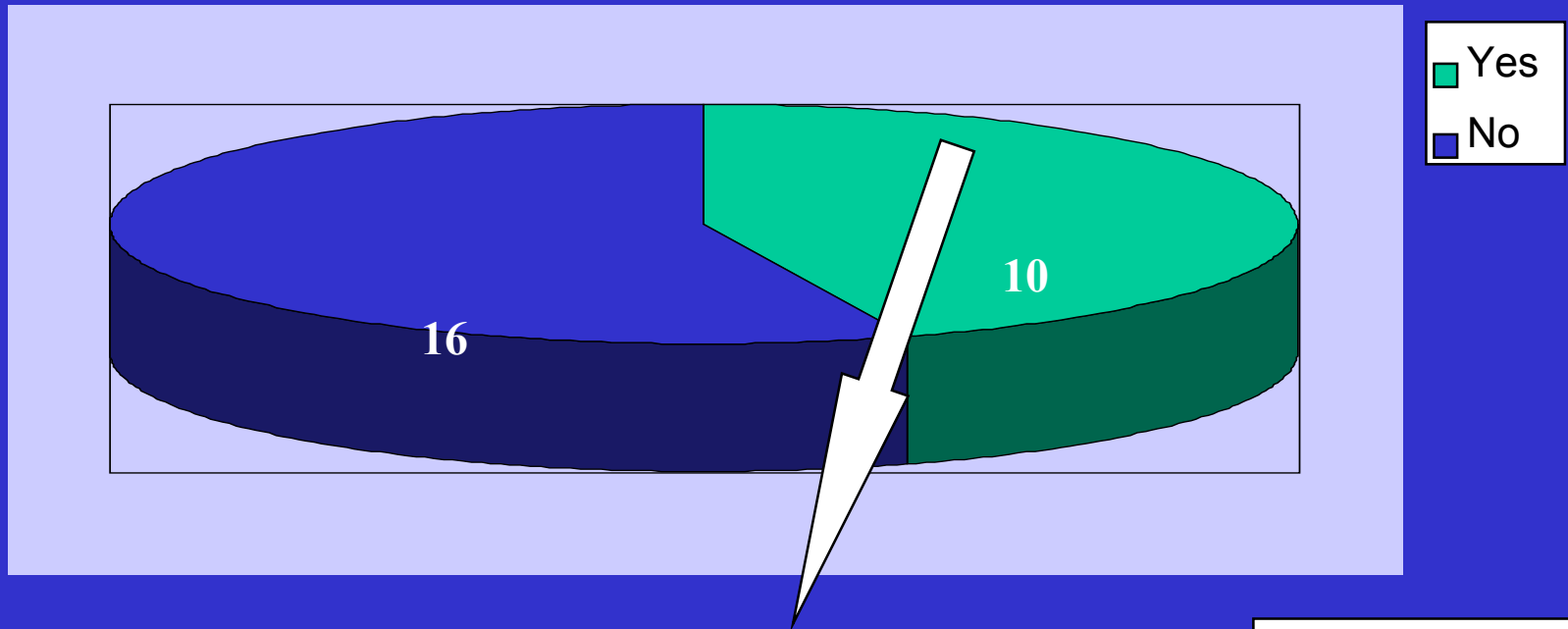
- refer to code of conduct or ethical rules

5. Guidance to actuaries when reporting requirements override client confidentiality



- refer to code of conduct or ethical rules
- cover this issue in the Scheme Actuary's appointment

5. Guidance to actuaries when reporting requirements override client confidentiality



For the Netherlands, agreement between supervisor and professional associations & committee set up by actuarial association

- Netherlands

6. Ability for actuaries to limit their liability to professional indemnity claims

- No legal limitation except in Austria.
- No statutory requirements to have insurance cover.
- Customary practise for actuarial consultants to have professional indemnity cover, especially in the consulting organisations
- World-wide insurance programs exist, but local coverage is exceptional

Conclusions

- Enormous variety between countries
- Central and Eastern Europe: starting up mainly due to emerging occupational pensions environment
- European Community:
 - statutory role is defined, but can be improved
 - guidance notes/practical standards : a great challenge for national and European actuarial associations. Attention : Need for guidance complementing local regulations will largely depend on such local regulations.
 - constructive dialogue with supervisors to improve, where necessary, the legal framework