



GROUPE CONSULTATIF ACTUARIEL EUROPEEN
EUROPEAN ACTUARIAL CONSULTATIVE GROUP

**SECRETARIAT, MAISON DES ACTUAIRES, 4 PLACE DU SAMEDI
B-1000 BRUSSELS, BELGIUM**

TELEPHONE: (+32) 22 17 01 21 FAX: (+32) 27 92 46 48

E-MAIL: groupe@gcactuaries.org

WEB: www.gcactuaries.org

Code of Professional Conduct

for Actuaries who are members of European Associations

Effective from: 1 January 2014

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Common Principles of Ethical and Professional Behaviour accepted by the Actuarial Associations affiliated to the Groupe Consultatif Actuariel Européen

Application

Each full member association of actuaries affiliated to the Groupe Consultatif Actuariel Européen (“the Groupe Consultatif”) has agreed that this Code of Professional Conduct (“the Code”), or a Code of Conduct that includes, but is not necessarily limited to, the substance of the ethical and professional principles set down in the Code, shall apply to all their members in the context of the performance of work as members of the actuarial profession, wherever in the world the members are working.

Member associations may decide how the Code is taken into consideration where a member’s conduct is called into question in a context other than working as a member of the actuarial profession, if this could be considered to reflect on the reputation of the actuarial profession.

For the purposes of this Code, the following interpretations shall apply:

The term “actuary” refers to a full member (in particular a fully qualified actuary) of any full member association that is affiliated to the Groupe Consultatif. The exact definition of “full member” is for each association to determine, but must be the same as that notified by each Association for the purposes of the Agreement of April 1991 between the Associations concerning the recognition by each EC Association of members of the other EC Associations.

The term “principal” means the intended recipient(s) of advice and/or services provided by an actuary. An actuary’s principal may be that actuary’s employer, as the circumstances and context dictate.

Purpose

The Code consists of ethical and professional principles which actuaries are expected to observe in the public interest and in order to build and promote confidence in the work of actuaries and in the actuarial profession.

Status

Actuaries are expected to carry out their professional activities in accordance with the Code. However, the Code is not an all-encompassing description of behaviours that should be adopted or avoided. Actuaries should observe the spirit as well as the letter of the Code. Actuaries must be prepared to justify any departure from the Code and explain why an act or omission was appropriate and reasonable in the circumstances involved.

It is recognised that actuaries may act in a support role in which another actuary carries ultimate responsibility for the work performed. For the avoidance of doubt, the Code applies to actuaries in support roles, though any assessment of their conduct by reference to the Code may have regard to such factors as their level of responsibility in relation to the matter and the extent of their relevant work experience.

PRINCIPLES

1. Integrity

An actuary shall act honestly and with the highest standards of integrity.

2. Competence and Care

An actuary shall perform professional duties competently and with care.

3. Compliance

An actuary shall comply with all relevant legal, regulatory and professional requirements.

4. Impartiality

An actuary shall not allow bias, conflict of interest or the undue influence of others to override professional judgement.

5. Effective Communication

An actuary shall communicate effectively and meet all applicable reporting standards.

AMPLIFICATION OF PRINCIPLES

The following information, which forms part of the Code, is included in order to elaborate on how actuaries are expected to interpret and apply the Principles.

This information is not exhaustive. Actuaries are expected to apply professional judgement as and when necessary to ensure that they observe the spirit as well as the letter of the Code.

1. Integrity

- 1.1 An actuary shall perform professional services with integrity, skill and care, shall fulfil the actuary's professional responsibility to the principal and shall not act against the public interest.
- 1.2 An actuary shall act in a manner that will uphold the reputation of the actuarial profession and shall not provide information that the actuary knows or ought to know is false or misleading.
- 1.3 An actuary shall perform professional services with courtesy and shall co-operate with others serving the actuary's principal.
- 1.4 An actuary shall respect the confidentiality of information received.
- 1.5 When an actuary is asked to take on professional services previously provided by another actuary, the actuary shall consider whether it is appropriate to consult with the previous provider to establish whether there might be any professional reason not to take on the new responsibility.

2. Competence and Care

- 2.1 An actuary shall perform professional services only if:
- the actuary is competent and appropriately experienced to do so, or
 - the actuary is acting on the advice of an individual who has the appropriate level of relevant knowledge and skill and the principal is aware that this is the case, or
 - the actuary is acting under the direct supervision of another actuary who is taking professional responsibility for the work.

3. Compliance

- 3.1 An actuary is responsible for observing applicable technical and professional standards and shall take into account any relevant standards, guidance notes and similar documents formally issued or endorsed by the association(s) of which the actuary is a member, having regard to their scope and status (for example mandatory, recommended practice, etc).
- 3.2 An actuary is subject to the disciplinary procedures prescribed in the rules of the association(s) of which the actuary is a member, and, subject to the right of appeal within those rules, will accept any judgement passed, or the decision of any appeal procedure.

4. Impartiality

- 4.1 An actuary shall not perform professional services involving an actual or potential conflict of interest, unless the actuary's ability to act in an impartial manner is unimpaired and there has been full disclosure of the actual or potential conflict.
- 4.2 An actuary shall disclose to the principal, in writing and in a timely manner, all sources of income related to any assignment carried out for the principal, other than income paid by that principal.

5. Effective Communication

- 5.1 An actuary shall, in communicating professional analysis and advice:
- identify that the actuary is the source of the analysis and advice;
 - state the capacity in which the actuary is acting;
 - identify the principal for whom the analysis and advice is intended;
 - state the scope of the work; and
 - state that the actuary is available to provide the principal with supplementary information and explanation about scope, methods, data, professional judgements and conclusions.