

An Overview of the Changes Concerning the Profession in Hungary Since the Dubrovnik Meeting

A presentation at the
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Leaders of the Actuarial Profession in CEE

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Permanent Committees

♠ Ethics

- ◆ Professional conduct
- ◆ Disciplinary procedures

♠ Accreditation

- ◆ Accreditation of events that count for CPD
- ◆ Registration of fully qualified members
- ◆ Registration of curriculum exempt from separate examination requirement for fully qualified members
- ◆ Proposals for CPD and exemptions

Permanent Committees

♠ Insurance Regulation

- ◆ Insurance law
- ◆ Various decrees (e.g. on insurance accounting, reserves, and actuarial reporting)

♠ Solvency II

Jointly with the regulator

♠ Pension Fund Regulation

- ◆ Law on pension funds
- ◆ Various decrees (e.g. on pension funds accounting, reserves, and actuarial reporting)

Ad-hoc Committees

- ♠ For public announcements
- ♠ For professional standards of practice
- ♠ For internal organizational purposes (e.g. election of officers)

Regular events

- ♠ Annual three-day Symposium, spring (this year we had the 16th)
 - ◆ Emphasis more on practice than theory
- ♠ Annual two-day Seminar, fall (this year we had the 3rd)
 - ◆ Emphasis more on theory than practice
- ♠ Seminars jointly organized with Eötvös University of Budapest
 - ◆ introduction of new members

Other important events

- ♠ A 10 occasion series of seminars on IFRS4 where the new standard was discussed
- ♠ A 9 occasion series of seminars on IASP's under IFRS (IASP2-9 and the draft on Embedded Derivatives) where the new actuarial standards were discussed

A Public Announcement

- ♠ Risk of inadequate premium/reserve for 'annuity for home' business (reverse mortgage)
- ♠ After about 3 months of debate a public announcement was made on the risks associated with that kind of business and the potential tools to address this issue
- ♠ First time the HAS issued a Public Announcement

A Public Announcement

- ♠ No legal reasoning/advice
- ♠ Concentrating on actuarial substance
- ♠ Sent to the regulator, the supervisor and the major relevant press agencies
- ♠ A good echo
- ♠ The regulator started to work out legislation on the 'annuity for home' business

Professional Standards of Practice

- ♠ The last General Meeting accepted the method of issuance of Professional Standards of Practice
- ♠ The method complies with the rules of the IAA
- ♠ Applies to
 - ◆ actuaries carrying out professional duties in Hungary
 - ◆ members of the HAS

Professional Standards of Practice

- ♠ Three levels
 - ◆ Attentive
 - ◆ Recommended
 - ◆ Obligatory
- ♠ Two drafts (each is Attentive)
 - ◆ LAT
 - ◆ Principles of non-life premium calculations

CPD

- ♠ Introduction of principles of Continuous Professional Development (CPD)
 - ◆ Obligatory for fully qualified members (about 80)
 - ◆ 48 hours over 3 years
 - ◆ Out of the 48 hours, at least 32 hours must be accredited
 - ◆ If a fully qualified member does not comply s/he becomes an ordinary member

CPD

- ♠ Two full years of operation
 - ◆ First 3 year period to be checked will end at year end of 2006
- ♠ Results of survey (early 2006)
 - ◆ 70% returned form
 - ◆ 45% of those returned form accomplished the requirements for 3 years
 - ◆ 28% of those returned form accomplished the requirements time proportionately

CPD

- ♠ Accredited CPD hours after 2 years
 - ◆ Total: 335 hours
 - ◆ In Hungary: 185 hours
 - ◆ Organized by the HAS: 63 hours
- ♠ A significant increase can be experienced in attendance of CPD-honoured events

Current major goals

- ♠ Have the qualification requirements worked out by the HAS acknowledged by the state
- ♠ Participate in the creation and amendment of the various legal documents that affect the duties of the actuary
 - ◆ In particular, the role of the actuary
- ♠ Further international integration of the profession in Hungary (GC, IAA)

Current major goals

- ♠ Participation in the development of Solvency II and IFRS 2nd phase
- ♠ Work out new Public Announcements on
 - ◆ the reform of the major public systems of the country (pension and health)
 - ◆ the annuities provided by pension funds
- ♠ Issue new professional standards of practice