



PROFESSIONAL GUIDANCE 2 (PG2)

PRINCIPLES IN RELATION TO THE GOVERNANCE OF INTERNATIONAL ACTUARIAL WORK

This document has been produced by the Professionalism Committee of the IAA and approved by Council as non-binding guidelines to aid member associations in their consideration of professionalism issues. This paper may also be of interest to individual actuaries undertaking International Actuarial Work.

1. Definition of “International Actuarial Work”

- 1.1 International Actuarial Work¹, for the purpose of this document, is defined as work that is under the jurisdiction or regulation of one country, but is carried out by an actuary whose principal jurisdiction of practice or the jurisdiction of their professional membership is in a different country.
- 1.2 The “governance” of International Actuarial Work refers to the regulation and supervision of the actuary’s conduct and work by member associations of the International Actuarial Association (IAA).
- 1.3 International Actuarial Work is broadly therefore actuarial work in relation to which the law/standards/regulatory frameworks of more than one country are relevant and material. More specifically, it is taken to include ‘actuarial work’² in relation to which the legal/ regulatory requirements of more than one legal jurisdiction or IAA member association³ are relevant and material.
- 1.4 The following are a set of principles that might be applied by IAA member associations, with a view to avoiding or addressing the potential for inconsistency, duplication or gaps in relation to the governance of International Actuarial Work.

¹ Every IAA member may have a different way of defining international actuarial work and the definition may be quite nuanced.

² Actuarial work’ is assumed in this context to be defined broadly, to include any work done by members of IAA associations in their capacity as actuaries, including work done for the purposes of providing ‘Actuarial Services’, as defined in ISAP 1

³ It is recognized that the regulatory jurisdiction of IAA member associations will usually arise from membership, and may not necessarily or primarily depend upon geographic/ territorial considerations. Equally, it is recognized that in certain geographic territories there may be more than one IAA body which has jurisdiction. It is envisaged that the principles set out in this paper might, according to the circumstances, also be relevant in that context i.e. where there is more than one relevant legal or regulatory framework operating within a single geographic area or territory.

2. Proposed Principles

2.1 Qualification, Codes and Standards

- 2.1.1 Where an actuary is subject to and adheres to a Codes of Conduct it helps to ensure that the actuary is competent to undertake work for which they are responsible, and have an appropriate understanding of relevant legal and regulatory requirements applicable to them and to that work.
- 2.1.2 Except to the extent that they are inconsistent with relevant mandatory legal or regulatory requirements, actuaries therefore apply the code and standards and satisfy the educational and qualification standards⁴ and requirements, where applicable, of each of the full IAA member bodies of which they are a member.
- 2.1.3 An actuary may be required by the code of conduct of the actuary's home association or the applicable law to comply with the local standards in another country. An applicable code of conduct may require an actuary to state which code of conduct and which standards the actuary is applying when performing an assignment outside of the actuary's home jurisdiction.
- 2.1.4 Where there is inconsistency between the codes, qualification standards and/or practice standards which an actuary would be required to apply to a piece of work, or between those standards and others which are more relevant to the work in question, reasonable judgment is exercised by the actuary in determining which code, qualification standards and practice standards to apply, and the extent to which they apply, having regard to all of the relevant circumstances, including the following considerations:-
 - 2.1.4.1 The values embodied in the Principles of Professionalism;
 - 2.1.4.2 The context in which, and purpose for which, the work is being provided;
 - 2.1.4.3 Relevant expectations and norms in the context in question; and
 - 2.1.4.4 The need to safeguard the interests of the client and of the public in relation to the work in question.

⁴ By 'qualification standards' we mean the standards or requirements, imposed by a body of appropriate authority, which actuaries are required to satisfy in order to be considered qualified to perform the work in question. These may include initial educational requirements required to obtain sufficient knowledge to practice (broadly or in a particular practice area), CPD requirements and/or experience requirements. In some jurisdictions these may include, for example, practicing certificates.

- 2.1.5 Where the actuary is faced with a situation as identified above the actuary may consider it appropriate to indicate the standards that have been applied in their work and the rationale for the associated decisions.
 - 2.1.6 Associations may consider it appropriate to include consideration of international and cross-border practice in the development and maintenance of their code, qualification standards and (where applicable) standards of practice. Ideally this is done so as to reduce or avoid situations of direct conflict with applicable codes and standards applied to their members and the members of other IAA associations.
 - 2.1.7 Associations may consider it appropriate, in their guidance to individual member actuaries, to attempt to avoid situations where their members might undertake an assignment outside the actuary's home jurisdiction for which the actuary would not be considered qualified by the local actuarial organization or where the actuary might not meet professional standards that would normally apply to actuaries working in the outside jurisdiction. For example, some associations require that their members meet the local qualification and practice standards of the outside jurisdiction whilst others require that their members apply their own standards unless the outside jurisdiction standards are more onerous.
- 2.2 Continuing Professional Development (CPD)
- 2.2.1 Many actuarial organizations or other actuarial authorities include a requirement for continuing professional development in their requirements for membership or in their qualification standards. These requirements may range from highly prescriptive requirements with numerous rules, to general principle-based requirements.
 - 2.2.2 In general, compliance is expected with the CPD regimes of every IAA member association of which the actuary is a member. The actuary may also be required to fulfill an organization's CPD requirement in order to fully meet a local qualification standard. This may create difficulties to the extent CPD undertaken to fulfill one organization's requirement cannot be used to help fulfill another organization's CPD requirement.
 - 2.2.3 Associations may therefore consider whether it is appropriate to recognize CPD undertaken in fulfillment of the requirements of another full IAA member association and to recognize compliance with the CPD regime of that other association as fulfilling their own requirements, including any such requirement incorporated into qualification standards. This suggestion is not meant to imply that an association should lower the level of acceptable actuarial practice.
 - 2.2.4 Where possible and appropriate, member associations consider whether it is appropriate to cooperate with each other on CPD related matters to avoid duplicative requirements, either in relation to the undertaking of the

substantive CPD itself, or in relation to the compliance burden associated with the regulation of CPD.

2.3 Disciplinary Investigation and Enforcement

2.3.1 Actuaries are subject to the professional disciplinary jurisdiction of those IAA member association(s) of which they are a member. Each association retains its jurisdiction to deal with disciplinary matters in relation to its members.

2.3.2 Subject to the considerations in paragraph 2.3.3 below, member associations may consider whether it is appropriate to facilitate the sharing of relevant information with other IAA associations in relation to disciplinary proceedings, and to cooperate where appropriate in relation to the disciplinary investigations and/or proceedings of other member associations.

2.3.3 Sharing of information should take into account any relevant laws, regulations and court rulings in respect of the entitlement of members and third parties (including actuarial clients) to privacy, confidentiality and/ or data protection.

2.3.4 Member associations might in particular, while mindful of the overriding importance of procedural fairness, seek to coordinate their disciplinary arrangements in a number of ways:

2.3.4.1 They might put in place a formal cross-border discipline arrangement with another association or associations. This envisages in effect that one association (Association 1) assumes, in specific circumstances, some defined formal (legal) responsibility for undertaking investigations as to violation of actuarial standards in its relevant jurisdiction and/ or disciplinary proceedings in relation to the members of another association (Association 2). (For example, and most obviously, where the proceedings relate to the conduct of the member of Association 2, whilst practicing in the geographic jurisdiction associated with Association 1).

2.3.4.2 A similar, but less formal, arrangement would not involve the conferral of actual legal jurisdiction on Association 1. Instead, Associations 1 and 2 might instead agree simply to provide mutual assistance in relation to disciplinary matters, including the sharing of relevant information, and support in the gathering of evidence for the purposes of disciplinary investigations. This would not necessarily however envisage the conferral of any formal decision-making authority on Association 1, in relation to the members of Association 2. Arrangements of this sort are known to exist between some associations, and might be effected for example by some form of Memorandum of Understanding.

2.3.4.3 In certain circumstances, more than one association may have jurisdiction and be required to undertake separate disciplinary proceedings. It may in these circumstances be appropriate to

consider the coordination of disciplinary investigations and/ or proceedings (so as to avoid unnecessary duplication from a practical perspective). It may be appropriate for one association to take the lead in relation to any substantive investigation/ proceedings. This may, for example, be the most relevant association, having regard to the alleged conduct and to the related evidence in the case. Member associations may consider it appropriate to enter into a dialogue with other relevant association(s), where applicable, at the outset of such a case, in order appropriately to co-ordinate the investigation and proceedings, having regard to all of the circumstances.

2.3.4.4 Member associations will also wish to consider what weight or recognition they can appropriately give to the disciplinary findings or determination of another association. So, for example, certain European associations are known to have in place provisions which permit a degree of weight or reliance to be placed on the formal findings of another association, thereby avoiding to some extent the need for a further potentially duplicative inquiry into the relevant factual circumstances.

3. Adoption

This document is the result of a formal review⁵ of the “Principles in relation to the Governance of International Actuarial Work” by the Professionalism Committee of the IAA in 2019/2020. The original version of this document was formally adopted by Council on 7 October 2017.

This version was approved by the IAA Executive Committee on 10 October 2020 and ratified by IAA Council on 18 November 2020 as non-binding guidance to aid member associations in their development and maintenance of Professionalism standards.

⁵ Following the [“IAA Framework for the production of Professionalism Guidelines”](#)