

CODE OF PROFESSIONAL CONDUCT

**Common Principles of Ethical and Professional Behaviour accepted by
the Instituto de Actuarios Españoles as full member of the Actuarial
Association of Europe**

**Adopted by the General Assembly of the Actuarial Association of Europe on
22 September 2017, and by the General Assembly of the Instituto de
Actuarios Españoles on 30 September 2020.**

Effective from: 1st January 2021

Code of Professional Conduct

Note: Words or terms in *italics* are defined in Section 2, Definitions.

Section 1. General

1.1 Purpose

- 1.1.1 This Code of Professional Conduct (“Code”) provides guidance on the behaviours expected of *actuaries* when performing *professional services*, to give *intended users* of those services confidence that they are carried out professionally and with due care.
- 1.1.2 The Code also provides guidance on the behaviours expected of *actuaries* in wider contexts, as described in Section 1.2, Application.

1.2 Application

- 1.2.1 Regarding the Principles set out in Section 3:

- (a) All *actuaries* are expected to comply with Principle A (Integrity) in the performance of their work and in other contexts where their conduct could reasonably be considered to reflect on the actuarial profession.

Professional services

- (b) All *actuaries* are expected to comply with Principles B – E (Competence and Care; Compliance; Impartiality; Communication) in relation to *professional services* that they perform (whether on a paid or unpaid basis).

Other work

- (c) In relation to work performed other than *professional services* (if any, and whether on a paid or unpaid basis), *actuaries* should exercise *professional judgement* to determine whether and, if so, to what extent it is appropriate to comply with the spirit and intent of Principles B – E (Competence and Care; Compliance; Impartiality; Communication), taking into account the reasonable expectations of the *intended user(s)* of the work, the nature of the work, any other Code or standards that apply to the work and any other relevant factors.

Support roles

- (d) It is recognised that *actuaries* might act in a support role in which another person carries ultimate responsibility for the work performed. For the avoidance of doubt, *actuaries* in support roles are expected to comply with the Code (as per paragraph 1.2.1 (a), (b) and (c)), though it is reasonable to expect that any assessment of their conduct by reference to the Code would have regard to such factors as their level of responsibility in relation to the matter and the extent of their relevant work experience.

Observing the spirit and intent of the Code

- (e) The Code is not an all-encompassing description of behaviours that should be adopted or avoided. *Actuaries* are expected to observe the spirit and intent of the Code, rather than interpret it only in a purely literal way.

1.2.2 For the purposes of this Code:

- (a) “must” means that the indicated action is mandatory and failure to follow the indicated action will constitute a departure from this Code; and
- (b) “should” means that, under normal circumstances, the *actuary* is expected to follow the indicated action, unless to do so would produce a result or outcome that would be inappropriate or potentially misleading. If, in the performance of *professional services*, the indicated action is not followed, the *actuary* should disclose that fact to the *intended user(s)* of the *professional services* and provide the reason for not following the indicated action.

1.2.3 Nothing in this Code is intended to require an *actuary* to act in breach of legal or regulatory requirements. If there is an inconsistency between this Code and legal and/or regulatory requirements, the legal and/or regulatory requirements shall prevail. “Legal requirements” here does not extend to the provisions of agreed contracts.

Section 2. Definitions

The terms below are defined for use in this Code.

- 2.1 **Actuary** – A full member (being a fully qualified actuary) of the Instituto de Actuarios Españoles.
- 2.2 **Intended User** – Any legal or natural person (usually including the *principal*) for whose use the *actuary* provides the results of *professional services*.

- 2.3 **Principal** – The party who engages the provider of *professional services*. The principal will usually be the client or the employer of the *actuary*.
- 2.4 **Professional judgement** – The judgement of the *actuary*, based on actuarial (or other relevant) training and experience.
- 2.5 **Professional services** –
- All services provided by an *actuary* that relate to a pension scheme/fund, insurance/reinsurance/financial services entity or financial transaction; and
 - All other services provided by an *actuary* that are based upon actuarial considerations.

Section 3. Principles

A. Integrity

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

B. Competence and Care

An *actuary* must perform *professional services* competently and with care.

C. Compliance

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

D. Impartiality

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

E. Communication

An *actuary* must communicate in an appropriate manner and meet all applicable reporting standards.

Section 4. Amplification of Principles

The following information, which forms part of the Code, is included in order to elaborate on how (subject to paragraph 1.2.1) *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 and intent of the Code, rather than interpret it only in a purely literal way.

A. Integrity

- A1 An *actuary* must perform work with integrity, skill and care and (subject always to any relevant legal, regulatory and professional requirements) should fulfil the *actuary's* responsibility to the *principal*.
- A2 An *actuary* should not act in a manner that is likely to damage the reputation of the actuarial profession, whether in the performance of work or in other contexts in which conduct could reasonably be considered to reflect on the actuarial profession.
- A3 An *actuary* must not provide, or knowingly be associated with the provision of, information, nor engage in advertising or business solicitation, that the *actuary* knows or ought to know is materially false or misleading, contains statements or information furnished recklessly or omits or obscures information required to be included and as a result is materially misleading. If an *actuary* becomes aware that the *actuary* has been associated with such information, the *actuary* should take steps to be disassociated from the information. This provision does not preclude an *actuary* from performing work based on:
- assumptions or methodology prescribed by the *principal* or another party, provided that, if the *actuary* does not support the assumptions or methodology, the *actuary* discloses that fact to the *intended user*; or
 - assumptions or methodology prescribed under legal, regulatory or professional requirements.
- A4 An *actuary* should show respect and should cooperate with others serving the *actuary's* *principal*.
- A5 Subject to any legal, regulatory or professional reporting obligations, an *actuary* must respect the confidentiality of confidential information received.
- A6 When an *actuary* is asked to perform work previously performed by another person, the *actuary* must 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.

B. Competence and Care

- B1 An *actuary* should perform *professional services* carefully, thoroughly and in a timely manner.
- B2 An *actuary* must perform specific *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 person who is taking professional responsibility for the work.
- B3 Before communicating the results of *professional services* performed, the *actuary* should ensure that, to the best of the *actuary's* knowledge and reasonably held belief, the results are free from material error.

B4 An *actuary* should agree with the *principal* the nature and scope of the *actuary's* responsibilities before commencing delivery of *professional services*.

C. Compliance

C1 An *actuary* must act in a manner that fulfils the actuarial profession's responsibility to the public by observing applicable technical and professional standards. An *actuary* must take into account any relevant codes, standards, guidance notes and similar documents formally issued or endorsed by the actuarial association(s) of which the *actuary* is a member, having regard to their scope and status (for example mandatory, recommended practice, etc).

C2 An *actuary* is subject to the disciplinary procedures prescribed in the rules of the actuarial association(s) of which the *actuary* is a member, and, subject to the right of appeal within those rules, must accept any judgement passed, or the decision of any appeal procedure.

D. Impartiality

D1 An *actuary* must not perform *professional services* involving an actual or potential conflict of interest or involving bias or perceived bias on the part of the *actuary*, unless the *actuary's* ability to act in an impartial manner is unimpaired and there has been full disclosure to the *principal* of the actual or potential conflict or bias.

D2 An *actuary* should disclose to the *principal*, in writing and in a timely manner, all sources of income related to any assignment carried out for the *principal* (except that, where the *principal* is the *actuary's* employer, there is no requirement to disclose remuneration paid by the employer).

E. Communication

E1 An *actuary* must communicate the results of *professional services* in a timely manner and in a style and format that is appropriate to the particular circumstances, having regard to the need to convey the implications of any analysis and advice included in the communication in a manner that is comprehensible to the *intended user(s)*.

E2 Unless the *actuary* judges it disproportionate (in which event, departure from these requirements does not create a requirement for disclosure under paragraph 1.2.2 (b)), an *actuary* should, in communicating the results of *professional services*:

- identify that the *actuary* is the source of the communication;
- identify that the *actuary* takes responsibility for the results, subject (if applicable) to any stated caveats;
- state the capacity in which the *actuary* is acting;
- identify the *intended user(s)* of any analysis and advice included in the communication;
- state the scope and purpose of the work; and
- indicate to what extent and how supplementary information and explanation can be obtained from the *actuary* or another party.