

CYPRUS ASSOCIATION OF ACTUARIES

CODE OF CONDUCT & DISCIPLINE PROCEDURES

Effective from: 1st January 2021

CYPRUS ASSOCIATION OF ACTUARIES CODE OF CONDUCT

Introduction

In every civilized society rules of conduct exist for the benefit of society at large and in order to give freedom for individual members to go about their legitimate business within bounds of behavior which are accepted and observed by their fellows.

In common with professional bodies in other fields, the CAA has formulated its own rules as a Code of Conduct to define the behavior expected of CAA Fellows practicing in everyday professional life. This code of conduct has been drawn up to reflect the standards of conduct and work expected of all practicing actuaries. It is commended of all Fellows of the Association and is mandatory on all Professionally Qualified Fellows as defined in paragraph 4 of the Constitution of the Cyprus Association of Actuaries.

Constitutional Authority

The Cyprus Association of Actuaries is a professional and learned Association which, through its members, has an obligation in the public interest to provide the best possible actuarial service and advice. In general, the public has no ready means of judging the quality of professional service except from the reputation of the provider. Professional membership of the Association is an assurance of ability and integrity. Thus it is essential that the highest standards are maintained by all Fellows whenever they are acting professionally and whatever their level of qualification.

The constitutional authority for the CAA Code of Conduct derives firstly from Paragraph 3 of the Association and, secondly, formal adoption by Council.

RULES 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 Cyprus Association of Actuaries

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 Cyprus Association of Actuaries, 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 Cyprus Association of Actuaries, 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.

CYPRUS ASSOCIATION OF ACTUARIES DISCIPLINE OF MEMBERS

SECTION 1 – COMPLAINTS AND QUESTIONS

- a. Complaints concerning alleged violations of the Code of Professional Conduct, and all questions which may arise as to the conduct of a member of the Association, in the member's relationship to the Association or its members, or in the member's professional practice or questions affecting the interests of the actuarial profession, constitute matters for serious consideration.
- b. Such complaints, questions or requests for advice shall be referred to the national organization responsible for profession-wide counseling and discipline, which is the Cyprus Association of Actuaries. The CAA is obliged to ascertain that no conflict of interest exists within its Executive Council affecting the referral and consideration of disciplinary action as per Section 2. For this reason the Executive Council, at the request of the complainant or the decision of the Executive Council will set-up a special committee to investigate the complaints, questions, or requests.

SECTION 2 – REFERRAL AND CONSIDERATION OF PUBLIC DISCIPLINARY ACTION

Acting pursuant to Section 1, and if circumstances warrant, the CAA shall present a recommendation for public disciplinary action the Disciplinary Committee of the Association.

Public disciplinary action includes a public reprimand by, or suspension or expulsion from, the Association.

If the CAA recommends public disciplinary action, the member involved shall have the right to appear personally and by counsel and by other representatives (at the member's expense) before the Disciplinary Committee to explain why that recommendation should not be followed.

The member involved shall be notified not less than 45 days in advance as to the time, date, and place where the Disciplinary Committee will consider the matter. The notification may be certified mail or in such other manner as the Disciplinary Committee may direct. The time may be waived by mutual written agreement of the parties.

The Disciplinary Committee action to publicly reprimand, suspend or expel a member requires an affirmative vote of a majority of the whole membership of the Disciplinary Committee, Notice of Disciplinary Committee action shall be given to the member within two business days after the decision is made.

SECTION 3 – APPEALS TO THE EXECUTIVE COUNCIL

A member against whom an order of reprimand, suspension, or expulsion has been rendered shall, upon application to the Council within 45 days after the action of the Disciplinary Committee, be entitled to appeal to the Council at the next scheduled meeting of the Council, upon the following conditions:

- a. If an action of suspension or expulsion has been ordered by the Disciplinary Committee, all rights and privileges of membership shall be suspended during the pendency of the appeal; and,
- b. The notice of appeal shall be in writing and shall stipulate that the appealing member consents to the mailing to the members of the Council of a transcript of the evidence and copies of the exhibits in the form approved by a majority of the Disciplinary Committee; and,
- c. The member may appear personally and by counsel and by other representatives (at the member's expense) before the Council when it meets to hear the appeal.
- d. In the event of an appeal, the decision of the Disciplinary Committee may be affirmed, modified, or set aside by a majority of the members of the Council present and eligible to vote. Members of the Council who serve on the Disciplinary Committee may participate and vote in the deliberations of the Council.

SECTION 4 - REINSTATEMENT

An individual may be reinstated only upon request to and approval of the Executive Council.

SECTION 5 – CONFIDENTIALITY AND NOTIFICATION

Except as otherwise provided, all proceedings under this Article shall be confidential and kept secret. This requirement as to confidentiality shall not preclude the CAA from advising, as its discretion, complainants and members complained of about the progress and outcome of complaints. This requirement of confidentiality shall not preclude the CAA from reviewing previously closed files as they may relate, in any manner, to the consideration of a new matter before it.

The Executive Council shall notify the members in all instances in which the Disciplinary Committee orders public disciplinary action. Notification shall not be given until the time to appeal has expired or, in the event of an appeal, until the reprimand, suspension or expulsion has been ratified by the Council. At the same time notification is given to the members, the Executive Council shall also give notice of the public disciplinary action to all other actuarial organizations, including governmental entities, which, in the opinion of the Council, should also receive notice of the action. The Executive Council may also give notice of public disciplinary

action to such newspapers or journals as it may select.

In the event of subsequent reinstatement of the member, the Executive Council shall give notice of such action to all members and to entities previously advised by the Council of the public disciplinary action.

SECTION 6 – REVIEW OF CASE DISMISSALS

The Executive Council retains the right to review a decision by the CAA not to recommend public disciplinary action with respect to a member.

CYPRUS ASSOCIATION OF ACTUARIES RULES OF PROCEDURE FOR DISCIPLINARY ACTIONS

The Executive Council of the Cyprus Association of Actuaries (CAA) has promulgated these Rules of Procedure to govern the consideration of recommendations for public disciplinary action against members presented by the CAA. These Rules are intended to provide a clear and detailed explanation of how the discipline processes operate. The Council reserves the right to amend or otherwise alter these Rules of Procedure as it deems necessary.

Introduction

The Disciplinary Committee is responsible for considering recommendations for public disciplinary actions against members presented by the CAA and for taking actions on those recommendations as it deems appropriate.

Consideration of Public Disciplinary Action

When the Disciplinary Committee receives from the CAA a written report recommending public reprimand, suspension or expulsion of a member of the CAA, the Chairperson of the Disciplinary Committee shall schedule a hearing at which the member shall have the right to appear personally and by counsel and by other representatives (at the member's expense) to explain why his recommendation should not be followed.

Written notice of this hearing, plainly stating the charge(s) as well as the time, date, and place where the Disciplinary Committee will consider the matter, shall be provided the member not less than 45 days in advance of the hearing. The notice shall:

- a. advise the member that he has a right to submit any new evidence which was not previously made available to the CAA.
- b. advise the member that he can appear with or without counsel and other representatives, and
- c. list the Fellows who serve on the Disciplinary Committee and state the member's right to object to any committee member he feels might have a conflict, provided that he must state the basis for that conflict; in the event that the member proposed to be reprimanded, suspended or expelled objects to a committee member alleged to have an actual or potential conflict of interest in determining whether to reprimand, suspend or expel such member, the Chairperson of the Disciplinary Committee (or, in the event that the person alleged to have he conflict is the Chairperson, the President of the CAA) shall determine if an actual or potential conflict of interest exists and if determined so to exist, shall appoint a special committee member if required to form a quorum to consider the matter.

This notification may be made by certified mail or in such other manner as the Disciplinary Committee may direct. The 45-day time limit may be waived by mutual written consent of the parties.

As such a hearing the Disciplinary Committee will rely primarily on the investigatory report, but is free to accept, reject, or modify the recommendation received. The Committee may take into consideration whether the member has ever been disciplined before.

A meeting of the Disciplinary Committee shall require a quorum to be present. A Disciplinary Committee decision to render an order of reprimand, suspension or expulsion requires the affirmative vote of a majority of the total membership of the Disciplinary Committee. Members of the Committee who were not in attendance at the hearing may not vote on the outcome of the hearing. In the event of an appeal, the vote of the Disciplinary Committee shall be made available to the Executive Council.

Notice of the Disciplinary Committee action, including the vote, shall be given to the member within two business days after the decision is made.

Appeals to Executive Council

A member against whom an order of reprimand, suspension or expulsion has been rendered shall, upon application to the Council within 45 days after notice of the action of the Disciplinary Committee has been received, be entitled to appeal to the Council at the next scheduled meeting of the Council, or sooner by written consent of all parties. The following conditions shall apply to such an appeal.

- a. if an action of suspension or expulsion has been ordered by the Disciplinary Committee, all rights and privileges of membership shall be suspended during the pendency of the appeal; and
- b. the notice of appeal shall be in writing and shall stipulate that the appealing member consents to the mailing of to the members of the Council of a transcript of the evidence and copies of the exhibits in the form approved by a majority of the Disciplinary Committee; and
- c. the member may appear personally and by counsel and by other representatives (at the member's expense) before the Council when it meets to hear the appeal; and
- d. Such hearing by the Council shall be held in executive session; and
- e. the decision of the Disciplinary Committee may be affirmed, modified and, or set aside by a majority of the members of the Council present and eligible to vote.

Confidentiality of Process

Except as otherwise provided in these Rules of Procedure, the Disciplinary Committee, the President, and members of the Executive Council shall make a reasonable effort to keep confidential the fact that a recommendation of public reprimand, suspension, or expulsion has been received. The Disciplinary Committee, the President, or members of the Council may, however, be required to divulge by court order or other legal process in some circumstances, or as necessary to fulfill their appointed functions, the name of the member charged.

The above provisions notwithstanding, the Chairperson of the Disciplinary Committee shall keep the President informed of the deliberations of the Disciplinary Committee. The President shall not share this information with the Executive Council until an appeal has been filed or the period for filing such an appeal has expired.

Disposition

Upon the completion of Council action on an appeal, or in the case of no appeal upon the expiration of the period for appeal, the President shall initiate the action necessary to comply with the final order. The President shall notify the membership, other actuarial organizations, and other interested parties of such action. In the event that the Disciplinary Committee hearing or the appeal to the Council results in no public disciplinary action, all records of such hearing or appeal shall be sealed and retained by the CAA Office.

Reports on Activities

The Disciplinary Committee shall issue an annual report to the Executive Council that will include a description of its activities, including commentary on the types of cases pending, resolved, and dismissed. This annual report shall be subject to the confidentiality provisions set forth above.