



ACTUARIAL ASSOCIATION OF EUROPE

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Presidents and *membres titulaires* of Full Member Associations of the AAE
Presidents and General Assembly members of Observer Member Associations of the AAE

8 October 2014

Dear Colleagues:

**Re: European Standard of Actuarial Practice 1 (ESAP1)
– General Actuarial Practice**

I am pleased to enclose a copy of ESAP1 – General Actuarial Practice. This is the first model standard adopted by the Actuarial Association of Europe (AAE), which represents an important step forward in the development of the actuarial profession in Europe. Having completed due process as an exposure draft it was approved by the Standards, Freedoms and Professionalism Committee (SFPC) at its meeting in Vilnius on 24 April 2014 and was then submitted to a vote of the General Assembly of the AAE on 3 October 2014 in Helsinki, when it was adopted unanimously.

ESAP1 is a model standard intended to be suitable for adoption or adaptation by Full Member Associations of the AAE, and other actuarial standard-setting organizations who wish to adopt it. It is the AAE's intent that, by publishing model standards, it will encourage the creation and convergence of national actuarial standards.

The AAE encourages relevant actuarial standard-setting bodies in Europe to consider taking one of the following courses of action:

- adopting ESAP1 as a standard with modification only as directed by ESAP1 or
- adopting ESAP1 with modification where items covered in ESAP1 are not currently contained in existing actuarial standards, or where such portions of existing standards are to be withdrawn, or where local environment warrants such modification - however maintaining substantial consistency;
- endorsing ESAP1 as a standard as an alternative to existing standards;
- modifying existing standards to achieve substantial consistency with ESAP1;
- confirming that ISAP1, a model standard issued by the International Actuarial Association (IAA), has already been adopted; or
- confirming that existing standards are already substantially consistent with ESAP1.

ESAP1 is essentially the same as ISAP1 as issued by the IAA. Where a member association of the AAE adopts or endorses either ISAP1 or ESAP1, this can be assumed to imply adoption or endorsement of the other.

Member associations which have declared that their own standards are substantially consistent with ISAP1 will, without further action, be reasonably be considered to have done so also in respect of ESAP1 (and vice versa).

Whilst ESAP1 and ISAP1 are model standards, individual actuaries may elect, or be required by a relevant actuarial regulator, to use ESAP1 or ISAP1, or one or more standards which are equivalent to ESAP1 or ISAP1. In such situations compliance with ISAP1 should be treated by the individual or actuarial regulator as 'deemed compliance' with ESAP1 (and vice versa).

The SFPC and the Standards Project Team look forward to hearing from your association how you are taking forward this model standard. We hope that it will be widely adopted and will mark an important step towards the further professionalisation of the actuarial profession in Europe. When you have adopted it, or an adapted version of it, or you can assert that you have actuarial standards which are substantially consistent with it, we recommend that you should also bring this to the attention of your national supervisory authority and other relevant stakeholders.

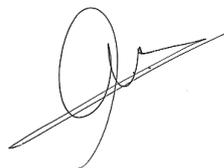
Article 48(2) of the Solvency II Directive refers to the actuarial function being carried out by individuals who are able to demonstrate their relevant experience with applicable professional and other standards. The AAE believes that the combination of 1) qualification standards required in order to become a full member of one of our full member associations, 2) ethical standards contained in our code of conduct and 3) technical actuarial standards such as ESAP1, go a long way towards demonstrating that our members are fit and proper individuals to fulfil the actuarial function role.

Thank you in advance for your attention to this matter.

Yours sincerely,



Michael Renz
Chairman
Actuarial Association of Europe



Ad Kok
Chief Executive
Actuarial Association of Europe

Copy to:

Members of Standards, Freedoms and Professionalism Committee

Members of Insurance Committee

Members of Pensions Committee

Members of Investment and Financial Risk Committee

Members of Education Committee

Members of the Solvency II Project Team and working groups

Members of the Standards Project Team

Chair, Actuarial Standards Committee of the IAA