

MRA – Solution to reduce legal risk raised by FMAs

ACTUARIAL ASSOCIATION OF EUROPE



Executive Summary

- In 2021, the MRA was updated to mitigate legal risks raised by FMAs.
- Since 2021, the AAE worked on further options to resolve the concerns around potential legal risk that the IFoA faces in MRA in general and that has led to suspending their participation in MRAs including the AAE-MRA.
- A solution was presented at the ProfC meeting in Vilnius. This solution has been reviewed by Simmons & Simmons and a legal review report is shared in attachment.
- The solutions is based on three pillars:
 - 1. Amendments to the Q&A document further clarifying the interpretation of the adaptation period and aptitude test.
 - 2. Cases presenting various scenarios of Qualifying Actuaries making use of the MRA (supporting documents to this presentation).
 - 3. The conciliation process in the event of non-compliance with MRA requirements by any Full Member Association.

Subject to due process and required approvals, we will seek to adjust the MRA to incorporate the amendments to the Q&A during the 2027 review process.



Amendments of Q&A document

- See legal review in attachment from Simmons & Simmons
- See Q&A document with track changes from original version to ProfC proposal to final proposal based on feedback from Simmons & Simmons

Cases

See document in attachment

Updated since pre-Budpaest profC meeting



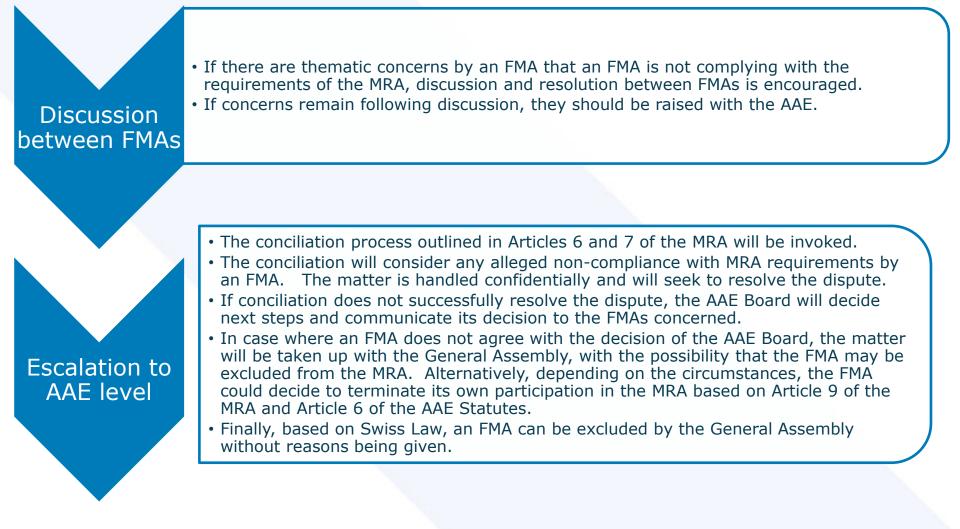
AAE's role in individual cases

- It is not within the AAE's remit to get involved in individual applications under the MRA.
- A Qualifying Actuary who disagrees with the outcome of their application for recognition by a host association, may appeal to the host association.
- Any appeal is considered and decided by the host association. The decision of the host association is final.
- Where a home association considers that the host association, in determining an individual application for recognition (or for any other reason), has failed to comply with MRA requirements, the home association should follow the conciliation process described on the following slide.

Updated since pre-Budpaest profC meeting



What is the conciliation process under the MRA?





MRA monitoring TF and mediation

- During the ProfC pre-Budapest meeting an additional proposal was discussed:
 - The creation of a Task Force which will meet periodically, facilitating a communication channel between the FMAs and the AAE, to undertake thematic monitoring and analyse any trends in the application of the MRA by FMAs. The information collected by the Task Force may inform the next MRA review taking place in 2027.



Process to approve the proposed Q&A

- Board approval to the updated Q&A document subject to ProfC approval in Budapest: documenting the discussion and supporting document in the meeting minutes.
- ProfC pre-Budapest meeting: present the proposition to ProfC members and address any comments/questions.
- ProfC approval in Budapest: getting the ProfC approval in Budapest and documenting the discussion and supporting documents in the meeting minutes.
- Information to the General Assembly: informing the ProfC approval in Budapest and documenting the discussion and supporting documents in the meeting minutes.
- MRA signature: the secretariat to ask all FMAs to sign the MRA or confirm their signatures to re-establish the MRA among all FMAs.



Decision

 Does the ProfC approve the Q&A document amendments [Yes/No]



Next steps

- ProfC approval
- General Assembly information
- Secretariat to confirm MRA signature by FMAs digitally



Appendix

ACTUARIAL ASSOCIATION OF EUROPE



Swiss Civil Law

- 🛃 III. Exclusion

– 🛃 Art. 72

¹ The articles of association may specify the grounds on which a member may be excluded, but exclusion may also occur without reasons being given.

² In such cases, the exclusion may not be challenged based on the reasons.

³ Unless the articles of association provide otherwise, exclusion requires a resolution by the members and good cause.