

**CODE ETHICS**  
**FOR THE HUNGARIAN ACTUARIAL SOCIETY**  
**Effective: as from May 22, 2009**

Preamble

This Code of Ethics contains the standards of professional conduct the members of the Hungarian Actuarial Society (hereinafter referred to as the Society) should follow in their actuarial activity, in addition to the relevant legal regulations and generally accepted actuarial principles. It also contains the rules of the ethic procedure to be conducted when the standards of ethic are violated or are supposed to have been violated.

The members of the Society shall observe the stipulations of the Code of Ethics and shall be subject to an ethic procedure within the framework laid down in it, if needed. Depending upon the outcome of a possible appeal procedure, they shall accept the ruling of the ethic procedure. **(#11)**\*

I. Standards of professional conduct

1. The members of the Society shall keep fair relations of esprit de corps with each other.
2. An actuary shall perform professional services with integrity, skill and care. He shall fulfil his professional responsibility to his client or employer and shall not act against the public interest. **(#1)**
3. An actuary shall act in a manner to uphold the reputation of the actuarial profession. He shall avoid publicity that might lead to undue or unfair professional advantage, that cannot be substantiated or that is of a misleading nature. **(#2)**
4. An actuary shall perform professional services with courtesy and shall co-operate with others serving his client or employer. **(#3/1)**
5. An actuary shall treat information on his client or employer with confidentiality **(#3/2)** and shall not use that in his work done for the benefit of others, shall not publish that and shall not pass that to third parties. This restriction holds without time limitation; it can only be released by the explicit and provable consent of the party concerned – beyond the legally regulated cases.
6. An actuary shall only perform professional services for which he has adequate expertise and experience. **(#4)** If these conditions are not met in full, the actuary shall warn his client or employer accordingly and shall –as far as possible– provide for an actuarial/professional control of sufficient depth.

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\* The numbered references enclosed between parentheses in the Code Ethics indicate the link to the appropriate points of the recommendations of the Groupe Consultatif in force in May 2009

7. An actuary is responsible for enforcing the professional standards of the established practice in his work. At the same time he has to take into consideration any relevant professional guidelines issued or endorsed by the Society. **(#5)**
8. An actuary shall, in communicating his professional findings, make it clear to what extent he is responsible for the results personally, or to what extent he relied on sources for which he can not take personal responsibility. In respect of the work done he shall be available to his client or employer with supplementary information and explanation about scope, methods and data. **(#6)**
9. An actuary shall, in communicating his professional findings, identify the client for whom these findings are made and in what capacity the actuary serves. **(#7)**
10. By discontinuing his service with an unreasonably short period of notice, the actuary shall not put his client or employer in a situation, which would involve considerable damage to their interests.
11. An actuary shall not perform professional services involving an actual or potential conflict of interest, unless the actuary's ability to act fairly is unimpaired and there has been full disclosure of the actual or potential conflict. **(#8)**
12. When an actuary is asked to take on professional services previously provided by another actuary, he shall consider whether it is appropriate to consult with the previous provider of the professional service to ensure that it is suitable for him to take on this new responsibility. **(#9)**
13. An actuary shall disclose, in writing and timely, to his client all sources of income related to any service on behalf of a client and any of his direct or indirect interests in the client. **(#10)**

## II. The ethic procedure

### A) General regulation

14. An ethic procedure can be initiated against any member of the Society by a document signed and sent to the President of the Ethics Committee.
15. Conducting the ethic procedure is possible if the person concerned was a member of the Society at the time of committing the alleged ethic misconduct. In case the membership has, in the meantime, terminated, for whatever reason, the ethic procedure shall not take place, or the ongoing procedure shall be terminated. If the ethic procedure could not be conducted owing to the resignation of the member concerned, this fact is entered into the Society's register of members.

16. The ethic liability shall be judged based on the laws and Society regulations effective at the time the act was committed. If the rules effective at the time of judgement allow a milder judgement, these latter ones shall be applied.
17. The ethic procedure shall be ordered by the President of the Society, in writing, upon the proposal of the President of the Ethics Committee, which is based on the written report received by the latter. The order to conduct the procedure shall be refused if the report is obviously ungrounded or if the accountability no longer exists.
18. The jurisdiction of ethic procedure is exercised by
  - 18.1 in first instance: the Ethics Committee
  - 18.2 in second instance: the Society's Executive Board.
19. It is qualified an ethic misconduct if an actuary
  - 19.1 violates his professional obligations during his actuarial activity wilfully or with gross negligence, or
  - 19.2 shows a behaviour antagonistic to the rules of the Society's Memorandum of Association or Code of Ethics, or
  - 19.3 was validly convicted by court for a wilfully committed serious crime, as a result of some of his acts.
20. The possible condemning resolutions, of which the one suitable to the seriousness of the ethic misconduct shall be applied, are:
  - 20.1 verbal warning;
  - 20.2 written censure;
  - 20.3 suspension of membership – for one year as a maximum;
  - 20.4 exclusion from the members of the Society.
- 20/A In so far as the Ethics Committee does not find an ethic misconduct the process shall be closed by a terminating resolution in which this fact is acknowledged.
21. The condemning ethical decision, except the verbal warning, shall be recorded in the Society's register of members. The verbal warning can only be taken into consideration by the Society when a new ethic misconduct is committed.
- 21/A Materials of the ethics processes shall be maintained and kept count of by the actual President of the Ethics Committee.
- 21/B The Ethics Committee shall report to the ordinary annual General Meeting the facts and contents of the closed ethics processes including the name of the initiator and the actuary under procedure. Information on the ethics processes under way may only be provided exclusively in a manner so that the identity of the persons involved is not disclosed.
- 21/C After becoming valid, ethics resolutions, excluding verbal warning, shall fully be disclosed by means of the members only part of the Society's web site and shall be made available to the International Actuarial Association (IAA) and to its members at their request.

After becoming valid, the member under procedure may request the full disclosure of the ethics resolution by means of the public part of the Society's web site.

21/D Written censure and suspension of membership shall have a statute of limitation of 3 and 7 years, respectively, from becoming valid; the entry into the Society's register of members and the disclosure on the Society's web site shall be removed.

21/E The Ethics Committee, depending on the seriousness, circumstances and the consequences of the ethics misconduct, with the exception of the verbal warning, may decide to disclose the ethics resolution to third parties, especially to institutions, authorities, organizations or persons related to the actuarial profession.

In case of exclusion (point 20.4), the President of the Ethics Committee is obliged to notify the head of the relevant supervisory body and the Secretariat of the IAA. In other cases, the parties to be notified by the Ethics Committee shall be fully listed in the purview of the ethics resolution.

## B) Proceedings of first instance

22. Upon the order of the Society's President, the President of the Ethics Committee takes measures within 30 days to assign a date for the trial. If necessary, or based on the fresh aspects that have come up in the meantime, several trials may be fixed.

23. The President of the Ethics Committee agrees, preferably, in advance with the actuary whom the procedure is brought against, on the date of the trial(s). If the actuary is not available at his last known address within 30 days, or they do not succeed in agreeing a date within 60 days, the President of the Ethics Committee will decide in his jurisdiction on the date of the trial, of which he notifies the parties concerned (the member under the procedure or his representative, the witnesses cited, the experts and the members of the Ethics Committee) at least 30 days in advance.

24. The President of the Ethics Committee shall make the evidences of the ethic misconduct available to the member under procedure at least 15 days prior to the trial.

25. If the actuary under procedure does not show up in spite of the summons, the trial can also be held in his absence. If he has not shown up by no fault of his own and he can prove that, then he should be given the chance, within 30 days, of his hearing. However, references to hindrances by no fault of his own can be made maximum 3 times.

26. Minutes should be kept of the ethic procedure.

27. The facts of the case are ascertained by the Ethics Committee collecting the evidences that came up in the course of proof. It makes its decision free of any influence, based on the free judgement of evidence, after deliberation by majority, in closed sitting. In case of a tie vote, the President of the Ethics Committee shall have a casting vote.

28. When inflicting the condemning ethic resolution, account should be taken of the mitigating and aggravating circumstances, particularly the weight and possible

repetition of the misconduct, the degree of wilfulness or negligence, as well as the damage caused. It should also be considered, if the misconduct committed was directly or indirectly detrimental to the reputation and social recognition of the Society or the profession.

29. The resolution shall consist of a purview and the reasons. The purview shall include the personal data of the member under procedure, the fact of termination of the proceedings or the condemning ethic resolution, furthermore the provision stating that the member under procedure or his representative may appeal the resolution within 15 days from the date of delivery. The reasons of the resolution shall include the facts of the case and the factual and legal inferences drawn from the facts of the case.
30. In absence of appeal, the resolution of the first instance shall become valid after 15 days of delivery. The actuary under procedure and the initiator of the resolution shall be informed on the contents of the resolution after it becomes valid.

#### C) Proceedings of second instance

31. The resolution made in the procedure of first instance may be appealed by the member under procedure or his representative within 15 days from the date of delivery. The appeal should be filed through the Ethics Committee acting in the first instance to the Executive Board of the Society. If a member of the Executive Board is involved, either as an initiator or as an actuary under procedure, in the ethics process then s/he may not take part in the consideration of the appeal. The appeal has a delaying force.
32. The appeal submitted in due time and the documents of the case shall be sent by the President of the Ethics Committee to the President of the Society.
33. The trial of second instance is conducted by the President of the Society or, in case of her/his involvement, another member of the Executive Board. The member under procedure or his representative shall be summoned, while the President of the Ethics Committee should be invited to attend the hearing of second instance to be arranged in the Executive Board's session. If needed, other persons having participated in the procedure shall be summoned, too.
34. The President of the Society assigns a day for the hearing of second instance. The default of those summoned according to the rules does not hinder the trial.
35. The rules and aspects of the proceeding of first instance shall be applied appropriately in the procedure of second instance.
36. The decision of second instance is made by the Executive Board in private sitting, after deliberation, by majority; in case of a tie vote, the President of the Society has a casting vote.

37. The resolution of second instance shall become valid and can not be appealed. The initiator of the procedure and the actuary under procedure shall be informed on the contents of the resolution of second instance.

### III. Entry into force

This Code has been adopted by the General Meeting of the Society held on May 22, 2009, with the instruction that it is to be applied as from the July 1, 2009 in all cases in which the ethic misconduct is committed after the July 1, 2009.