

Answers to the questions to assess the state of the actuarial profession in Croatia, the Czech Republic, Hungary, and Slovakia as of spring of 2007

QUESTIONS	Croatia	Czech Republic	Hungary	Slovakia
Q1 Foundation				
Q1.1 When was your association founded?	1996	1992	1991	1996
Q1.2 How many founding members were there?	15	12	36	34
Q2 Membership				
Q2.1 Types of members, number of members in each category	Qualified: 51 Associate: 20	Qualified: around 45 Ordinary: around 135	Qualified: around 70 Ordinary: around 80	Qualified: 20 Ordinary: 97 Aspirants: 10

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<p>Q2.2 Conditions for becoming fully qualified member</p>	<p>Conditions:</p> <ul style="list-style-type: none"> • pursue the actuarial profession scientifically or practically • accept CAA Articles of Association • university degree • completed specialist training in the actuarial science in accordance with IAA guidelines and the Decision on criteria for granting regular membership, taken by the GM of CAA • two years working experience as an actuary 	<p>From 2001 on, new FQA's have to pass exams</p> <p>From 2003 on, existing FQA's had to pass exams till 2005 (by a GM decision approved by slim majority of all votes [not just FQA's])</p> <p>Maths background</p> <p>3 years successful practice</p> <p>Presentation by each candidate</p> <p>The Accreditation Committee decides on each candidate's qualification</p> <p>About 20 lost FQA status</p>	<p>Meeting a set of qualification standards; exemption is possible by the decision of the Accreditation Committee on the basis of an appropriate university degree</p>	<p>Conditions 2005 – 2006</p> <ul style="list-style-type: none"> • Minimum 3 years of actuarial practice • Success in special examination of insurance supervisor <p>Conditions 2007+</p> <ul style="list-style-type: none"> • Success in special examination of National Bank of Slovakia or equivalent; • 50% attendance at seminars of SSA (or equivalent) in last year • Minimum actuarial practice of 3 years • Written recommendation of an existing Full Member • Presentation at a CPD event organized by SSA, SSA seminar or other professional event • Completion of a seminar on professionalism
<p>Q2.3 When were the above conditions, or similar ones basically equivalent to them, first introduced?</p>		<p>2003</p>	<p>2005</p>	<p>2005</p>

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Q3 Composition of members in various fields (i.e. approx. number of members working in the respective fields)				
Life insurance company	5	60	20	24
Non-life insurance company	0	20	10	8
Composite insurance company	40	60	60	59
Social security	0	3	5	0
Private pension	0	10	10	2
Banking and investment	0	5	5	2
Authority (regulator/supervisor)	1	3	10	8
Other	5	15	30	32 (university teachers, audit ...)
Q4 Education of actuaries				
Q4.1 Do universities provide full/partial actuarial education in your country? What is their weight in terms of number of actuaries produced annually?	Yes 100%	Yes 100%	Yes 100%	Universities provide almost full actuarial education except of professionalism that is organized by SSA; 100%
Q4.2 What other providers of actuarial education exist in your country? What is their weight in terms of number of actuaries produced annually?	None, but Insurance Supervisory in 2006 took role in examination of few modules: Insurance accounting in Croatia, Insurance Law in Croatia and Insurance Practice in Croatia.	None	None	None

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Q4.3 Does your association play an active role in educating actuaries?	<ul style="list-style-type: none"> • CAA organizes professionalism course • CAA prepared syllabus together with the University • 2 lecturers are from CAA (Life and Non life Practice Modules) 	<p>No, beyond contacts with the universities</p> <p>The Accreditation Committee has the right to accept/refuse university courses/exams</p>	<p>No, beyond contacts with the universities</p>	<p>Yes, it organizes seminars on professionalism.</p>
Q5 Committees				

QUESTIONS	Croatia	Czech Republic	Hungary	Slovakia
<p>5.1 List of permanent committees and their basic goal/task</p>	<p><u>Board</u>: all major decisions not in the scope of the General Meeting <u>Disciplinary Scheme Committee</u>: disciplinary issues</p>	<p><u>Board</u> (9): all major decisions not in the scope of the General Meeting (serves also in disciplinary issues) <u>Accreditation Committee</u> (11): FQA's, CPD issues <u>Financial Control Committee</u> (3): internal financial issues of the association <u>Solvency Working Group</u> <u>IFRS Working Group</u> (on hold)</p>	<p><u>Board</u>: all major decisions not in the scope of the General Meeting <u>Ethics Committee</u>: disciplinary issues <u>Accreditation Committee</u>: all CPD issues; exemptions to become a qualified member <u>Insurance Regulation Committee</u>: advise authorities on new regulation or regulation to be amended on insurance <u>Scheme Regulation Committee</u>: advise authorities on new regulation or regulation to be amended on pension and health schemes (pension funds and health care funds)</p>	<p><u>Board</u>: all major decisions not in the scope of the General Meeting <u>Disciplinary Committee</u>: disciplinary issues <u>Education Committee</u>: accreditation of university actuarial programs and development of CPD rules <u>Standards of Practice Committee</u>: ensuring fulfillment of due process for issuing Standards of Practice</p>

QUESTIONS	Croatia	Czech Republic	Hungary	Slovakia
Q5.2 List of actual non-permanent committees and their basic goal/task	Committee for minimal price of actuarial services; Committee for actuarial dictionary; Committee for information of bonus distribution presentation; Committee for analyzing costs in private pension insurance	Regular events: <ul style="list-style-type: none"> • weekly scientific seminar (CPD-seminar, 10-12/year) • AGM • Society Meeting, 1-2/year 	On solvency, jointly with the Ministry of Finance	None
Q6 Legal status of your association				
Q6.1 What is the legal status of your association?	An independent association established according to Croatian law	An independent association established according to Czech law	An independent association established according to Hungarian law	An independent association established according to Slovak Law
Q6.2 Does any legal document make a reference to your association in your country? If so, explain it.	Yes Insurance law – not by name but certified actuary must be member of actuarial association situated in Croatia and recognized by international or European actuarial associations Insurance Supervisory Regulations – by name: actuary is fully qualified member of CAA	Insurance law: the appointed actuary may only be a full member of an actuarial association that is full member of IAA; the Society is consulted whether the above condition is met if the association is not in the Czech Republic	No	Yes Our standard on testing the adequacy of technical provisions in life insurance is referred to in the regulation on the actuarial report to the Supervisory body
Q7 International presence				

QUESTIONS	Croatia	Czech Republic	Hungary	Slovakia
Q7.1 Year of joining the GC	1999	1999	2000	2005
Q7.2 Type of membership in GC; since when	Associate, 1999	Full, 2004	Full, 2004	Full, 2005
Q7.3 In which GC committees does your association have a delegate? Do you consider that delegation an active one? Does your association benefit from that delegation?	All committees. Not as active as might be. At the moment minimal level of benefit.	Freedoms and insurance: active IFR: just recently joined Pension: inactive Education: no but sometimes a member attends meetings Committee meetings are reported to the Board; if important then all membership is notified	All committees. Not as active as might be. Some activity is shown in the General Purposes, Insurance and Pension Committees, much less in IFR and practically none in Education. Very minimal level of benefit.	All committees. Not as active as might be. At the moment minimal level of benefit.
Q7.4 Year of joining the IAA	1998	1998	2000	1998
Q5.5 Type of membership in IAA; since when	Full, 2005	Full, 1999	Full, 2000	Full, 2005
Q7.6 In which IAA committees does your association have a delegate? Do you consider that delegation an active one? Does your association benefit from that delegation?	Education Committee, Financial Risks Committee, Insurance Accounting Committee, Insurance Regulation Committee, Pensions and Employee Benefit Committee, Professionalism Committee, Social Security Committee Not as active as might be. At the moment minimal level of benefit.	Insurance Regulation Committee meetings are reported to the Board; if important then all membership is notified	Insurance Regulation, Social Security, Education Answers are similar to those of the GC	All committees. Active in Accreditation Committee with some small benefit. In others not as active as might be.

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Q7.7 Approximately how many member of your association is a member of an IAA Section?	5	2	None	None
Q7.8 What are the other major international ties your association has?	None	None	None	None
Q8 Role of your association in advising authorities				
Q8.1 Does the regulator regularly consult with your association concerning law and legal documents? If so, does the regulator have a legal obligation to invite your association?	When the authority thinks an issue is related to the actuarial profession (which is rare) CAA is consulted; otherwise it is not. There is no legal obligation.	The Society is on their list	When the authority thinks an issue is related to the actuarial profession the Society is consulted; otherwise it is not. In principle, there is a legal obligation but the authorities do not always comply with that obligation.	The Society is on their list. We were consulted in relation to prepared changes to the special actuarial exam for licensed actuaries.
Q8.2 If the supervisor is not the same as the regulator, does the supervisor regularly consult with your association concerning issues of actuarial interest in supervisory matters?	Same as above, but more often.	Same as above	Same as above	Same as above
Q8.3 Is your association called for advice in the pension or in the health care reform? If so, explain.	No	Private: same as insurance Public: no	No	We are notified when legislation is distributed for public comments. In the past we were included in the consultations during the legislation preparation which is not the case now.

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Q8.4 Is there any other authority or government/public entity who regularly or occasionally consults with your association concerning issues of actuarial interest? If so, explain it.	No	No	No	No
Q9 Professional guidance notes (standards of practice)				
Q9.1 Does your association issue professional guidance notes (standards of practice)? If so, does the procedure comply with the IAA requirements? If it does not then in what respect?	No	Yes Procedure complies with IAA standard	Yes Procedure complies with IAA standard	Yes Procedure complies with IAA requirements
Q9.2 If your association issues professional guidance notes please list the issued guidance notes by their topic, level, and issue date		Code of conduct; The rest are semi-compulsory: LAT (life and non-life) Duties of the actuary Duties of the appointed actuary Duties of the pensions actuary	LAT	<ul style="list-style-type: none"> Standard of Best Practice No. 1: Adequacy test for life insurance technical provisions, December 2005; IASPs 1 to 8 – Recommendation to SSA members
Q9.3 If your association issues professional guidance notes please list the guidance notes that are under discussion			Pricing principles in life and non-life insurance (only basic ideas)	LAT in non life
Q10 Public statements				
Q10.1 Has your association issued public statements?	No	No	Once	No

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Q10.2 If your association has issued public statements please list the issued public statements by their topic and issue date			On a special risky type of financial product to call attention to the necessary but non-existing safeguards, 2006	
Q11 Disciplinary procedures				
Q11.1 Does your association have a regulation on disciplinary procedures? If so, do the procedures comply with the IAA requirements? If it does not then in what respect?	Yes It complies with IAA	Yes It complies with IAA	Yes It complies with IAA	Yes It complies with IAA
Q11.2 Has your association applied the disciplinary procedures in a real life case? If so, list the cases by their topic, result, and date.	No	No	No	No
Q12 CPD				
Q12.1 Does your association have a regulation on CPD?	Yes	Yes	Yes	No
Q12.2 If so, what are the major features of it?	Annually 14 hours of formal and 52 hours of informal CPD. Formal could be also 28 hours during 2 years or 42 during 3 years.	Need to have at least 5 points a year One seminar is 1 point, one day is 2 points Participation is checked but annual report is not	Over a 3 year period, at least 48 hours of CPD activity, out of which at least 32 hours must be accredited hours	
Q12.3 If so, is there enough events in your country for the members to comply with the CPD requirements easily?	CAA is obliged to organize at least 14 hours of formal CPD annually.	Yes, there are 10-12 CPD-seminars per year	Yes	

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Q13 The role of the responsible actuary in insurance, pensions, or other areas				
Q13.1 Is there a statutory role of an actuary in the above fields in your country?	Yes	Yes	Yes	Yes, in insurance company
Q13.2 If so, what are the major statutory tasks in each area?	Certify technical reserves, product calculations, actuarial reports, adequacy of capital for foundation of new insurer	Certify pricing, reserving, solvency, some risk management functions	Certify the balance sheets, solvency, product plans, profit sharing, actuarial reports	Certify <ul style="list-style-type: none"> • pricing, • reserving, • solvency, • profit sharing, • actuarial report
Q13.3 What other, non-statutory tasks are performed by actuaries in your country in each area?	Budget, expense apportionment, consultations in IT development and other issues – but this depend on the company	Budget, EV or EEV, ALM, expense apportionment, investment (practically, the same as in Hungary)	Budget, EV or EEV, ALM, expense apportionment, investment	Budget, EV or EEV, ALM, expense apportionment, investment, IT systems testing product development, risk management (one company), valuation of DAC in pension funds
Q14 Legal status of the responsible actuary				

QUESTIONS	Croatia	Czech Republic	Hungary	Slovakia
Q14.1 What are the requirements for an actuary to become a responsible actuary in your country?	<ul style="list-style-type: none"> • knowledge of Croatian language • successfully finished actuarial education in line with syllabus of international and European actuarial associations • regular member of actuarial association situated in Croatia and recognized by international and European actuarial associations • no crime activities • certified actuary license is not windrowed in the past 	<p>Full member of an actuarial association that is full member of IAA; the Society is consulted whether the above condition is met if the association is not in the Czech Republic</p> <p>No criminal record Good reputation Must be registered at the regulator</p>	<p>An appropriate degree Special qualification according to the law (does not exist) 5 years of experience No criminal record Good reputation Employment (for a major insurance company)</p>	<ul style="list-style-type: none"> • A university degree in mathematics, economics or technical subject • Passing of special examination of National Bank of Slovakia • 3 years of experience • No criminal record • Good reputation <p>To be responsible actuary she/he cannot be member of the board</p>
Q14.2 Is it required that the annual report is signed-off by an internal or an external actuary in your country?	Internal, but auditors also must have opinion of independent (external from the insurer) certified actuary	Both (not the annual report, but regulatory reports)	Only internal External auditor must employ an actuary and has to report on reserves	The legislation does not differentiate between internal and external actuary
Q14.3 Is there any special legal requirement against the insurance company in your country if it wishes to dismiss a responsible actuary?	No, but Insurance Supervisor must be notified immediately	No	In principle, yes: the Board of Supervisors must be notified in advance to dismissal	No
Q15 Adoption of IFRS				

QUESTIONS	Croatia	Czech Republic	Hungary	Slovakia
Q15.1 Are insurance companies (or will they be) required (or allowed) to report locally under IFRS? If so, which (required or allowed) and since when?	No	Only listed companies If a company reports under IFRS it does not have to report under local GAAP	No	All required since 1/Jan/2006
Q15.2 If insurance companies are not required/allowed to report under IFRS locally then what is the percentage of those companies that, beyond reporting under local GAAP, report under IFRS, too?	About 30% but this is not a reliable figure	About 40% but this is not a reliable figure	About 50% but this is not a reliable figure	
Q15.3 What is the percentage of actuaries in your country who contribute to IFRS reports?	About 5% but this is not a reliable figure	20%	10-20%	Almost all in the business, as IFRS is required for insurance, banking and pension funds.
Q16 Solvency regime				
Q16.1 What is the current solvency regime applied in your country for insurance companies? If it is not the current EU solvency regime then what are the major differences?	Current EU	Current EU	Current EU	Current EU
Q16.2 Does the regulator and/or supervisor in your country play an active role in advising the EU Commission and/or CEIOPS in respect of Solvency II?	None that I know of	Yes	Yes	Yes

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Q16.3 Does your association play an active role in advising the authorities in your country in respect of Solvency II?	No	Yes	Partly; we always respond to inquiries and attend ad hoc committee meetings but these occasions are far from comprehensive in terms of the S2 process	No
Q16.4 How many life/non-life companies in your country participated in QIS2?	0	2 QIS3: probably 8-10	5 QIS3: probably 10-12	None
Q17 Actuarial practices				
Do insurance companies regularly use practices described below? If so, give a percentage of the companies that do use these.				
Embedded value calculation	3 to the best of my knowledge	About 70% of life companies	About 70% of life companies	<ul style="list-style-type: none"> About 35% of life companies Representing about 65% of life market
European embedded value calculation	None that I know of	About 20% of life companies	About 20% of life companies	About 10% of companies (2 that I know)
Option pricing	None that I know of	None that I know of	At least 1 company	1 that I know
Stochastic simulation	None that I know of	About 20% of life companies	At least 1 company	2 that I know
Internal model for required capital purposes	None that I know of	None that I know of	A few (1-4) companies are building their internal model	None that I know
ALM	None that I know of	30-40% do some ALM	10-20% do some ALM	<ul style="list-style-type: none"> 15% of life companies Representing 42% of life market

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Real actuarial models for pricing non-life products	None that I know of	About 20% of non-life companies	None that I know of	None that I know
General risk management, beyond traditional actuarial practices	None that I know of till now but some will start during the year	A few (1-4) companies use some actuarial techniques/experts for internal audit and risk management	A few (1-4) companies use some actuarial techniques/experts for internal audit and risk management	Just few companies; One life company has an actuary as CRO.
Q18 Current major issues				
What are the current major issues you deal with or you are facing with in your association?	Organizing CPD-s, awareness and knowledge of IFRS4 and Solvency II issues	The role of the actuary under Solvency 2 Financial reporting vs risk management functions for the actuary	Gain more recognition Move from traditional techniques toward advance ones (like DFA) Issue standards of practice	Finalize CPD rules; Improve the theoretical background and technical skills of members towards more advance ones; Finalize the standard on non-life LAT; In co-operation with the Supervisor change the examination for the license actuaries; Prepare the actuarial summer school. Generally Increase the activity of members

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