

Answers to the questions in relation to the Morris Review from the Hungarian Actuarial Society (HAS)

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1. Actuarial societies/associations etc

1.1 how are they structured/organised and how are they funded

The HAS is a professional organization with voluntary membership. Although Hungarian legislation does not require a responsible actuary¹ to be member of the HAS, practically almost all such actuaries are members.

There are two basic types of membership: ordinary and qualified. A professional can be admitted as ordinary member if he/she is linked to the actuarial profession and is recommended by two members. From 2005 on, members becoming qualified members have to meet the set of requirements of the HAS that harmonize with those of the Groupe Consultative.

The HAS is a full member of the IAA and the Groupe Consultative². The HAS therefore complies with the statutes of these actuarial organizations (e.g. disciplinary procedures with due appeal process in place).

Most of the income side of the budget of the HAS comes from the membership fees. About 10% of the income comes from donation by the Association of Hungarian Insurance Companies.

1.2 how are they governed

The HAS is governed by the Executive Committee headed by the President, both elected for a two year mandate. The President may not serve more than two consecutive mandates. The Executive Committee has all governing powers subject to the Statutes and the resolutions of the General Meetings.

The Executive Committee brings to life the various professional committees.

1.3 how are professional standards set and maintained

As the time being, the HAS does not function as a professional standard/guidance creating body. Although members are bound to go by the relevant legislation and encouraged to follow generally accepted international standards, currently there is no formal set of guidance in place.

1.4 how do they regulate, educate and develop the skills of their members

There is a Continuous Professional Development (CPD) system in place all qualified members have to comply with. If a member didn't he/she would loose the 'qualified' title.

The HAS, however, does not have the resources to run the actual education/training programs although the accreditation of such programs is controlled by a special committee of the HAS.

1.5 what are their membership criteria

¹ The responsible actuary is a person who has to certify the correctness of some legally binding documents (e.g. the annual report of an insurance company or a pension fund).

² Formal approval of the latter full membership will be granted at the next General Meeting of the Groupe Consultative later this year, as Hungary has just become a Member State of the EU and full membership in the Groupe Consultative can only be granted to associations in EU Member States.

See 1.1 above.

- 1.6 the nature of any public interest obligation
Nothing expressive.
- 1.7 how do complaints/disciplinary procedures work
In principle, the Code of Ethics provides the rules. In practice, no disciplinary case has been brought to the Ethics Committee so far.
2. The regulatory framework within which actuaries function
 - 2.1 are actuaries regulated
The acts on insurance and pension funds require insurance companies and pension funds to employ a Chief Actuary with certain duties. The Profession itself, however, is not regulated in Hungary.
 - 2.2 are there any roles reserved exclusively for actuaries
Yes, e.g. certifying the reserves, solvency, pricing, bonus allocation, and providing the annual actuarial report.
 - 2.3 to whom are actuaries accountable
Legally, they are responsible to the employer only.
 - 2.4 are they subject to peer review/scrutiny/audit
No.
 - 2.5 are there legal and/or professional duties/safeguards for disclosures (ie whistleblowing)
Only those required by the law.
3. The market for actuarial services
 - 3.1 how many actuaries (qualified + trainees) are employed in the country
There are about 80 qualified members of the HAS while the total membership is about 140. Some of the ordinary members are academics or loosely related to the profession. There are some 50 people who do not belong to the HAS but have actuarial related job.
 - 3.2 in which areas of business are actuaries employed and how many in each
Life insurance: about 55%
Non-life insurance: about 15%
Pension schemes: about 10%
Supervisory authority: about 10%
Social security: about 5%
Other: about 5%
 - 3.3 are they employed by consultancies versus full-time employees of eg insurance companies
About 90% of the actuaries are employed and 10% of them work as consultants.
 - 3.4 how many companies employ actuaries, whether as consultants or in-house
About 100
 - 3.5 who recruits trainee actuaries and what role do universities play
Recruitment firms play a minor role in providing young actuaries for the companies. A lot is done using informal acquaintances. Universities play a major role as providers of (post) graduates with actuarial degree.

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