

ACTUARIAL PROFESSION IN MEXICO

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THE ACTUARIAL PROFESSION AT A GLANCE

Introduction

In Mexico, actuaries are mainly trained in mathematics, probabilities, statistics, demographics, and finance. Many work in insurance companies and pensions. We might call these the “traditional positions” for an actuary. However, a large number of actuaries work in other areas (non-traditional positions).

As of July 2004, the number of Actuaries who have graduated and received their professional degree is 4,300. Those having finished their studies but have not yet obtained their professional degree amount to 8,600.

Of all actuaries, about 11,400 work in what we have called the “non traditional actuary positions” including Statistics, Demographics, Risk Management, Finance, Systems, Government, Teaching, Planning, and Research. Some even work on a temporary basis.

Actuaries working in consultant firms and on employee benefit related issues are estimated at 250. As for actuaries working in the insurance industry, about 1,250 are estimated to work in this field. Of these, 34% have the corresponding professional degree. Their participation in different lines of business is as follows:

Life – 45 %	Pensions – 4%	Health – 17%
	Property and Casualty – 34%	

Of these 1,250 actuaries, roughly half of them work in roles specifically allocated to actuaries such as pricing and reserve valuation. They are distributed as follows.

Technical Areas – 68%	Non Technical Areas –19%
External Actuarial Audit – 8%	Regulation /Supervision– 5%

Actuarial Associations in Mexico

There are 3 Actuarial Associations in Mexico: the “Asociación Mexicana de Actuarios” (Mexican Association of Actuaries – AMA), which members are actuaries working for the insurance industry; the “Asociación Mexicana de Actuarios Consultores” (Mexican Association of Consulting Actuaries - AMAC), specializing in actuarial consulting and employee benefits; and the “Colegio Nacional de Actuarios” (National College of Actuaries - CONAC), the top organization where all specializations are registered. It is important to point out that AMA and AMAC are part of the formal structure of CONAC.

Since professional certification is granted by the Government, to be an actuary you do not need to necessarily belong to any of the aforementioned Associations. However, for certain particular activities in insurances companies, to provide an expert opinion and to act as actuarial auditor, a special certification in addition to the actuarial professional degree is required, being CONAC authorized to grant it.

All AMA or AMAC members automatically become members of CONAC. At present, CONAC has 550 members while AMA has 386 members and AMAC has 43 members.

In July 2004 Mexican actuarial community started a Certification Process for those actuaries working on the insurance field. Required by the Insurance Law actuaries in order to sign pricing of products and technical reserves valuation, have to obtain a Certification from the CONAC. The first round of Certification Exams was successfully held last July.

PART I

THE WORK THAT ACTUARIES DO

1. TRADITIONAL LABOR MARKET FOR ACTUARIES IN MEXICO

1.1 LIFE INSURANCE

Overview

About 500 actuaries (i.e. roughly 45% of actuaries working for the Insurance Industry) are working in life insurance. Some of them perform purely technical duties and some work in areas such as underwriting, sales, reinsurance, and so forth.

Of these 500 actuaries, today 101 have special certification for issues specifically reserved to actuaries working in insurance companies: 83 have special certification for reserves valuation and pricing; 8 have special certification for pricing only; and 10 have special certification for reserves only.

The Life Insurance Market

About 38 companies are licensed to sell life insurance products in Mexico. There is a large premium concentration as the four major insurance companies account for 70% of the market share. Total premium volume for the year 2003 was US 3.750 billion, holding reserves for some 4.75 billion US.

In the Individual Life segment, products sold by life insurers are either risk products or products combining risk and investment. Universal Life products are also popular in Mexico. The risk element mainly involves a sum insured payment. Usually, annuities are not used as a vehicle to pay death benefits. As of the end of year 2003, 5,389,000 policies were in force.

With regards to group life policies, insurance is taken by companies for their employees, thus deriving certain tax incentives. Usually, coverage is on a one year renewal term basis. In addition to this coverage, -the so called traditional group coverage- there are other plans where employees pay partial or totally the premium or some collective debtor insurance policies. As of December 2003, 23,550,000 certificates were in force.

1.2 PENSIONS

Overview

In Mexico, insurance companies are involved in two different segments in the pension field.

1. Annuities derived from the Social Security System.
2. Private Pension Plans

About issue number 1, beginning July 1, 1997 pensions for death and permanent disability derived from the Social Security system are paid by insurance companies instead of the IMSS (Spanish acronym for Mexican Social Security Institute), who acquires an annuity coverage with the insurance company selected by the pensioner paying a single premium.

In addition to the Social Security benefits granted to the population in Mexico, some companies grant their employees, as part of their compensation plans, a private pension plan or, in some cases albeit unfortunately not too many, each individual may build his/her own pension plan with an insurance company.

An estimated 4% of actuaries working in insurance companies conduct their activities in the field of pensions. From them, 25 have special certification for reserve valuation and pricing, 1 for pricing only, and 1 for reserve valuation only.

In addition to the above mentioned numbers, about 250 actuaries are estimated to work in Actuarial Consulting Firms or Employee Benefit related issues.

To register pension plans with CONSAR (Spanish acronym for National Commission for the Retirement Savings System, the government regulatory body for pension plans) you need to be a CONAC member. Likewise, to provide an expert opinion in pension plans, you also need to be a CONAC member.

The Pension Industry

At the end of 2003, there were 11 insurance companies in the segment of annuities derived from the Social Security System. Over 130,000 policies had been issued. The amount of reserves administered by those companies is 5.5 billion US dollars. For many reasons, the market had undergone a decreased volume over the last two years so growth expectations are uncertain.

Regarding the private pension plan segment, today exists about 2000 of them. Most of these are Defined Benefit plans with a noticeable growth in Mixed Plans (Defined Contribution and Defined Benefit). Of all Pension Plans, about 5% to 8% are Defined Contribution or Mixed Plans. Consulting Firms, with members in AMAC, manage over 95% of all 2000 Pension Plans established.

Insurance companies are not necessarily involved in managing these funds. Roughly 70% of them are administered by banks, 20% by Insurance Companies and the remaining 10% by other entities. The pension market in Mexico according to our estimate, almost amount to 22 billion dollars.

1.3 NON – LIFE INSURANCE

Overview

About 51% of actuaries work in non life insurance related issues: 17% in health and the 34% in other non life lines of business.

There are 78 actuaries with special certification in non life (excluding health); 76 may sign pricing insurance and reserve valuations and 2 are certified for pricing only.

In health, there are 86 actuaries with special certification for pricing and valuation from which 3 of them are certified only for pricing.

The Non-Life Industry

There are 39 companies approved as insurance companies in the health field. At the end of 2003, the premium volume amounted to 1.33 billion US dollars with a 72% concentration in the four largest companies.

One important change in the Mexican insurance industry has been the establishment in 2000, of the Specialized Health Insurance Institutions (or ISEs, from its acronym in Spanish.) ISEs are privately held, governmentally regulated institutions that have sole authorization to operate comprehensive health insurance in Mexico. ISEs have unique characteristics compared with the traditional health insurance market, some of which are similar to managed care organizations in the US (HMOs) and in Chile (ISAPRESs).

Currently there are twelve authorized ISEs: seven run by insurers, two by hospitals, and three by medical groups. Two more companies have just about to apply for authorization to operate an ISE, which are expecting to receive approval in the near future.

Thirty five companies are approved to sell Non-Life policies (Auto and P&C). Total premiums in this segment at the end of 2003 amounted to 4.95 billion US dollars. As in other insurance fields, concentration is significant: 4 insurance companies account for 60% of the premium volume.

1.4 THE ROLE OF ACTUARIES AND EXTERNAL AUDITORS

In order to practice as an actuary in an Insurance Company and to perform certain specific duties, special certification is required. This certification can be granted by CONAC or CNSF (Comision Nacional de Seguros y Fianzas – National Insurance Commission, the government agency regulating Insurance Institutions). The process is by means of an exam which was applied for the first time in July 2004 and from now on it will be a continuous process.

Insurance duties that require special certification are:

- To sell an insurance product, insurers should register it before CNSF. Actuaries are required to file the product registration with the CNSF, and to be specially certified to do so by CONAC or the CNSF. 281 special certifications have been granted for pricing purposes. (Since certification is per line of business, one actuary could have more than one certification)
- Technical reserve valuations should be carried out and signed by an actuary with special certification from CONAC or the CNSF. 278 special certifications have been granted for reserves purposes. (Since certification is per line of business, one actuary could have more than one certification)

Since 2004, insurance companies are under obligation to carry out at least one study on reserve sufficiency every quarter. This analysis involves the future projection of liabilities based on statistical methods involving past experience. When such experience is insufficient or unreliable, international experience or figures published by well reputed agencies may be applicable.

Furthermore, reserves should be certified by an independent auditor required to review reserve sufficiency at least once a year and to prepare a formal statement which should be filed with the "Comisión Nacional de Seguros y Fianzas" (CNSF), the government agency regulating Insurance Institutions.

Independent auditors certifying technical reserves should also have a professional degree as actuaries and be certified by CONAC or CNSF.

There are 41 special certifications to act as independent auditors for an insurance company; 9 of these are engaged in life insurance, 5 in pensions, 13 in health, and 14 in all other non life lines of business.

1.5 CURRENT ISSUES IN INSURANCE – ALL LINES OF BUSINESS

- **Capital Requirements**
In 2003 and 2004, the CNSF conducted a study about the capital requirements for insurance companies. This requirement is established depending on the insurance field involved. In other words, there is a different requirement for individual life and for group life, for example. This requirement is established by studying the statistical deviations in claims. In some fields such as Life, Property and Liability, capital

requirements were increased considerably. These new requirements will be effective on January 1, 2005.

- **Dynamic Capital Adequacy Testing**

Also related to capital requirements, dynamic solvency testing will start beginning 2005 (with 2004 information) to assess the capital sufficiency of the insurance company and identify possible risks which may affect their financial position under several operating scenarios. At present, the general terms of this test are defined and the specifics of this issue will be defined hereinafter and until its implementation.

- **Catastrophic Reserves for Hydrometeorologic Risks**

Because of the growing significance of natural catastrophes, in addition to catastrophic reserves currently held by insurance companies, it will be mandatory to set a catastrophic reserve for hurricanes and other hydrometeorologic risks depending on the construction type involved and their altitude above sea level. This reserve may be accounted for as up to 50% in the design of reinsurance programs for the corresponding catastrophic program, both in terms of priority and layers.

2. NON TRADITIONAL LABOR MARKET AMONG ACTUARIES IN MEXICO

Eventually, the other natural market for actuaries, besides the traditional positions early discusses, began developing,

During the course of their professional studies, future Actuaries discovered new areas of interest and specialized in them. In many instances the market required the services of professionals trained in Statistics, Probabilistic issues or any other related areas --even if they had not pursued graduate studies—and resorted to Actuaries.

Thus, the original labor market expanded and diversified, and fortunately today it is still finding new venues.

Notice that these new niches truly embrace the intrinsic quality characterizing all Actuaries: being specialists in risk and consequences thereof, providing mathematical and statistical tools, and having a mental structure that allows them to address complex problems and find the most suitable technical solution.

Thus, after the inception of the Actuarial career in 1946, we may identify areas in which our profession predominates, aside from the previously mentioned traditional ones.

Nowadays, those actuaries engaged in delving in statistical studies work for Universities and Research Centers, or are the leaders of areas as significant as the generation of official information.

The INEGI (National Institute of Statistics, Geography and Information Science) employs a considerable number of Actuaries, many of whom play a predominant role. Only a few years ago, the President of INEGI was appointed as a Cabinet Member, after more than 12 years as head of said institution, and we are talking about an Actuary.

Within INEGI itself, both the General Manager of Statistics and the General Manager of Information Science Policies are Actuaries; the heads of the departments of Social-Demographic Statistics and Population Census for the year 2000 are Actuaries too. Likewise, the Director of the National Census Reports, and that of the 1990 Population Census as well as the individual responsible for all the short-term surveys (both economic and demographic) are all actuaries.

The C.E.O of BANCOMEXT (Mexican Foreign Trade Bank) used to be an Actuary, and said bank engages quite a number of colleagues who specialize in finance.

Also several actuaries have had and currently have, key roles in different government agencies, both at Federal and State level. We also can mention that one of the current undersecretaries of the Ministry of Finance and Public Credit (Hacienda) is an actuary

Mexican demographers basically have a background in Sociology, Economics and Actuarial Science. Actuaries are best suited to measure population phenomena meaning that within what is commonly known as Formal Demographics, Actuaries who have specialized in Population Studies are the ones who hold most of these jobs, especially in research institutions like "Colegio de México", Social Research Institute of UNAM, or in demographic policy areas such as CONAPO (National Population Council).

Actuaries have worked in the design and management of projects of major scopes. In addition to those previously mentioned, we can add the creation of the National Population Registration and the official ID for the population in Mexico, including the creation of a unique code for each inhabitant in Mexico. Generally, Actuaries participate in all things having to do with the modernization of registry systems.

In lesser numbers, we find colleagues specialized in the fields of Econometrics, trading investigation, market research and public opinion polls, as well as in those areas in which Statistics specialists are required.

One way of following the evolution of the different trends over time is by focusing on the choice of College thesis issues.

At first, the Insurance and Statistics related topics were prevalent. Later, Statistics ranked first; Insurance and Finance second and Demographics third. There were also quite a good number of papers on Information Science. During the 1980's, Insurance theses became popular once again, while those on Statistics plummeted and those on Finance issues proliferated. Students showed a loss of interest in Demographics.

Currently, students most often choose either Insurance or Finance as their thesis topics, despite the wide array of topics available today.

More than 11,000 actuaries form part of the non-traditional labor market among actuaries in Mexico. It is important to point out that actuaries who either finished their studies or obtained their professional degree, but are not currently working are included in this number.

PART II

THE ROLE OF THE DIFFERENT ACTUARIAL ASSOCIATIONS IN MEXICO

1. ACTUARIAL ASSOCIATIONS IN MEXICO

There are 3 actuarial associations in Mexico: the “Asociación Mexicana de Actuarios” (AMA – Mexican Association of Actuaries), where members are actuaries working in insurance; the “Asociación Mexicana de Actuarios Consultores” (AMAC – Mexican Association of Consulting Actuaries), where members specialize in actuarial consulting, pensions and benefits; and the “Colegio Nacional de Actuarios” (CONAC – National College of Actuaries), the top organization which includes all specializations.

ASOCIACIÓN MEXICANA DE ACTUARIOS (AMA – MEXICAN ASSOCIATION OF ACTUARIES)

The origin of actuaries in Mexico, as in many other parts of the world, was the insurance industry. In 1938 the “Instituto Mexicano de Actuarios” (Mexican Actuary Institute) was created by a group of executives of insurance companies who were working as actuaries (even though the profession as such did not exist at that time) and risk analysts, though it lasted for only a short time.

On August 2, 1962, upon the initiative of 17 actuaries, the “Asociación Mexicana de Actuarios” was founded.

AMA activities are conducted under the Steering Board, a Consulting Board, the Assembly that is the supreme organization of the Association and the Technical Board.

AMA is made up by 5 membership categories:

1. “Acreditado” (Credited). Actuaries with professional degree, residing in the country and who are active members of CONAC as well. They are the only members with voting right.
2. “Asociado” (Associate). Students of the actuarial profession having completed the program but who are yet to get their professional degree, and persons who have completed studies on actuarial techniques and who provide services directly entwined with Mexican insurance activities, residing in the country. They do not have a voting right.
3. “Afiliado” (Affiliate). Persons practicing the actuarial profession abroad and who provide their services directly entwined with insurance activities. They do not have a voting right.
4. “Adherente” (Attached). Professionals who provide services directly entwined with Mexican insurance activities and who actively contribute to the achievement of the objectives of the association. They do not have a voting right.
5. “Honorario” (Honorary). Those persons who significantly contribute to the development of the Mexican insurance industry and to the profession and who are designated and approved by the Consulting Board and the Assembly. They do not have a voting right.

To be a member of the AMA one must submit a written application, accompanied by relevant documentation according to the category of membership; you need to be accepted by the assembly and pay the correspondent fees. In cases where the category of Credited Member is sought and the title of the actuary has been granted by some institution abroad, he or she must also be accepted by the Technical Board.

Currently the AMA has 386 members: 250 "Acreditados", 132 "Asociados", 2 "Afiliados", one "Adherente", and one "Honorario".

Throughout the year, the AMA organizes 6 to 8 specific meetings to deal with actuarial issues of significance, relevant at the time they are held. Furthermore, in odd years (i.e every other year), the National Congress of Actuaries takes place. This Congress lasts for approximately 2 days.

"Entre Actuarios" is the journal published by the Association on a quarterly basis. It was first published in 1998. It is published in Spanish only, and distributed among all members of the Association.

Contact Information: www.ama.org.mx

ASOCIACIÓN MEXICANA DE ACTUARIOS CONSULTORES (AMAC – MEXICAN ASSOCIATION OF CONSULTING ACTUARIES)

The Asociación Mexicana de Actuarios Consultores, A.C. (AMAC – Mexican Association of Consulting Actuaries) was founded in July, 1982 having 17 members, which is a professional organization promoting the development of actuarial consultants in public and private Benefit Plans issues by continuing professional education of its member and by establishing ethics principles and practice standards. AMAC members are highly trained to provide the public with top professional quality services.

AMAC is made by 43 members from 31 actuarial consulting firms.

AMAC activities are conducted under the Steering Board, an Honor, Justice and Arbitration Council, and The Working Commissions for Actuarial Practice Principles, Continuing Education, Actuarial Practice Promotion, Actuarial Research, and Institutional Relations.

The purposes and objectives, attributions, and obligations of the Steering Board and the Honor Council are provided in the By-Laws of the Association as is the organization of the Working Commissions.

At present, to become a Credited Member of AMAC need to be registered as Expert Contingent Liability Evaluator and to be appointed as Actuary Expert in Pension Plans filed with CONSAR through an examination.

The Credited Member must fulfill each year with the requirements of the Continuing Education Program.

For more information please contact: www.amac.org.mx

COLEGIO NACIONAL DE ACTUARIOS (CONAC – NATIONAL COLLEGE OF ACTUARIES)

The General Law of Professions was first published in Mexico in 1946. The actuarial profession was one of the professions regulated thereby. Among other things, this law defines the role of a College, granting formal representation of a profession before the government and before society. Bearing this in mind, the "Colegio de Actuarios de México" was founded on August 16, 1967 with 20 members. Thereafter, and with the purpose of allowing for actuaries from all over the country to participate, the name was changed to "Colegio Nacional de Actuarios" (CONAC).

CONAC activities are conducted under the Assembly, Honor Council, the Steering Board, a Consulting Board, the Permanent Committees, the Actuarial Associations and Professional Sections as defined in CONAC by-laws and the Regional Sections.

To be a member of CONAC, with voting rights, the following is required:

- To be a Mexican citizen
- To have an actuarial professional degree
- To submit an application and be approved by the Directive Board
- To pay the corresponding fees.

The following may be members of CONAC without voting rights:

- Associates temporarily or definitely abandoning the practice of their profession, having expressed their intention to remain as members of CONAC as such.
- Members having covered the actuarial program, but who do not have a professional degree.
- Foreign associates who have met the terms of the International Treaties signed by Mexico, when applicable, under transitory article 13 of the Mandatory Act of the 5th Constitutional Law. *Article 13 : "Foreigners having practiced in the country over the last five years and who have filed the certification with an authority having the necessary jurisdiction may practice in accordance with the terms of this law."*

Currently CONAC has 275 members with voting right and 275 members without it.

CONAC plans annual meetings, choosing the theme by virtue of situations of utmost interest to the profession at that moment, covering all areas of professional actuarial activities. In October 2004, the XVI National Meeting of Actuaries will be held.

Beginning in 1980, CONAC implemented the contest for the National Actuary Award. The best papers in actuarial research are awarded the prizes in this contest.

Contact information: www.conac.org.mx

2. ACTUARIAL STANDARDS OF PRACTICE

Recently, the Asociación Mexicana de Actuarios (AMA) has formalized their actuary standards of practice in Mexico. Compliance with these standards is mandatory.

To date, 7 Standards of Practice have been developed, approved and adopted by AMA and CONAC. They are as follows:

1. Actuarial Pricing – Short Term Insurance
2. Actuarial Pricing – Long Term Insurance
3. Reserves Valuation – Short Term Insurance
4. Reserves Valuation – Long Term Insurance
5. Actuarial Pricing – Surety / Bonding
6. Reserves Valuation – Surety / Bonding
7. Reserves Auditing

The process to adopt an Actuarial Standard of Practice is as follows:

1. Standard is developed by the Standards Committee.
2. It is sent to all members of the Associations who are required to provide comments.
3. Comments are analyzed by the Standards Committee who decides whether suggestions will be included or not.
4. Standard is formally adopted by the Association and CONAC.

The Asociación Mexicana de Actuarios Consultores (AMAC) has established the following Actuarial Compliance Guidelines :

- No. 1,2,3,4,5 for Bulletin D-3
- Recommendations for Actuarial Communications related to Bulletin D-3
- Measuring Pension Obligations and determining pension plan costs
- Measuring Retiree Group Benefit Obligations
- Data Quality
- Actuarial Communications
- Selection of Demographic and other non-economic assumptions for measuring pension obligations
- Selection of Economic Assumptions for Measuring Pension Obligations
- Selection and use of Asset Valuations Methods for Pension Valuations

The plan for the future is to continue publishing standards supporting general guidelines for actuarial practice in Mexico.

3. DISCIPLINARY SCHEDULES

The ethic is the body of principles and moral values that govern the internal conduct of the individual in order to “make the good and avoid the evil”.

Codes of Conduct refers specifically to professional guilds according with its own way of interaction with the society and the professional work they perform.

Observing the ethic principles and conduct precepts profession assure the highest professionalism in their work guarantying to the society: integrity, regulatory compliance and the search of the social good.

Actuaries have established their codes of ethics and conduct to reinforce their strong commitment with the country, society, principals, employers and colleagues that they use and

will use their knowledge to make the good and avoid the evil. As well as to provide written guides to conduct business and personal life, a source for orientation and education for new actuaries, and promoting consistency in professional conduct among Mexican actuaries.

In Mexico there are three actuarial organizations, the Colegio Nacional de Actuarios (CONAC) who leads the actuarial profession, including actuaries performing all kinds of jobs, the Asociación Mexicana de Actuarios (AMA) that joins actuaries devoted to insurance matters and the Asociación Mexicana de Actuarios Consulores (AMAC) that joins actuaries devoted to pensions and employee benefits consulting. Even though each association has its own Code of Ethic and Conduct in essence aim the same goal "guiding the professional conduct of actuaries".

Following is a summary of key concepts including in such kind of codes each Mexican association has adopted.

GENERAL DISPOSITIONS

These guidelines will orient actuaries' conduct and behavior with principals, institutions, organizations, employers, superiors, colleagues and society in general.

Apply to all just for the fact of to be actuary.

Actuaries must observe and respect actuarial profession's codes of ethics and conduct.

The work performed must be guided with a highest sense of probity, good faith and service towards the society justice and social good.

Justice, honesty, morality, integrity, respect, impartiality, loyalty and dedication, must drive their work.

Perform only those assignments for which the actuary is qualified and competent.

Be responsible in those cases in which turn out committed even negligence or mistake accomplishing assignments.

Avoid make comments about other professionals that harm or detriment dignity, reputation or professions prestige.

When fixing their economic compensation actuaries should take in count that such economic payment is not the unique target neither the reason to be of their professional exercise, such payment should keep a fair relationship between importance, timing invested and skills required accomplishing the assignment.

Avoid giving or receiving commissions as compensation for their work, a fee for service is a proper compensation for their work.

The professional secret is a right and duty.

Follow and comply with trade marks and reserve rights laws on published works.

Complain duties as citizen and look after others complain with regulatory and law requirements.

Provide services avoiding any xenophobic, ethnic, sexism, religion or political affiliation or tendency.

DUTIES WITH COLLEAGUES

Avoid make comments about colleagues that harm or detriment dignity, reputation or professions prestige.

Respect colleagues' opinions and work.

Maintain respectful and collaborative attitude with colleagues and other professionals.

DUTIES WITH PRINCIPALS

Dealing with principals must place the interests of the profession before any others.

Must be honest, loyal and conduct themselves with the truth before principals and employers, safeguarding their interests.

DUTIES WITH PUBLIC AND PRIVATE EMPLOYERS

Their work must be headed for the common good and justice, watching over to complaint with federal, local and specific laws.

Their work must be driven by the efficient and optimal use of human, material and financial resources.

Through their professional work seek for justice and social benefits.

To endeavor that employees, coworkers and personnel in general be treated in a benevolent and fair way, encouraging and supporting others professional realization.

Encourage fraternity and harmony in environment's work.

DUTIES WITH THE PROFESSION

Actuaries must maintain themselves up-to-date on scientific and technology advances regarding actuarial topics.

Must transmit their knowledge and experience to students and young actuaries.

Must acknowledge and show gratitude to mentors.

Must promote and defend profession's honor and dignity, strive and denouncing improper conduct or law violations from authorities, principals and colleagues.

Promote the profession areas of knowledge and advocate for actuaries perform actuarial matters.

Must conduct themselves faultless and unquestionable behavior even in personal life.

DUTIES WITH THE SOCIETY

Actuaries must provide their professional social service by supportive conviction and social conscience.

Must be respectful of traditions, customs and culture of the diverse groups with which have interaction.

Must provide professional assistance to the federal government when a national emergency occurs.

Should serve as supportive element for scientific development institutions, providing any research or study such institutions may request.

Actuaries must reject any assignment that does not comply with laws, morality and good customs.

Do not provide their professional services when have reasons to assume that such services will be used to violate or evade the law.

STANDARDS OF PRACTICE

Actuaries must observe and respect actuarial profession's standards of practice.

Must maintain themselves up-to-date on profession's standards of practice.

Must assure that their professional services provided by themselves or under their supervision comply with corresponding and applicable standards of practice.

As have been previously mentioned to sell an insurance product, insurers should register it before CNSF. Actuaries are required to file the product registration with the CNSF and to price the product observing Actuarial Pricing Standards. Specific penalty for the actuary could be applied by law.

CONFLICTS OF INTEREST

Actuaries must be aware of potential conflicts of interest

Should avoid evident conflicts of interest.

CONFIDENTIAL INFORMATION

Actuaries must keep confidential any information to third parties, subject to any overriding requirements of the law.

DUTIES WITH UNIVERSITIES AND TEACHING

Actuaries must preserve the deepest respect and loyalty to the university that gave their degree as well as teachers and mentors.

Actuarial guild should foment and encouraging among youth the actuarial carrier vocation, procuring provides proper orientation and information.

As a teacher, must instill among students these ethic and moral values, showing them with their own way of life.

Educate honest and capable professionals, with a strong service and nationalist spirit.

HONOR COUNCIL AND SANCTIONS

Actuaries must let the Honor Council know about any acts that infringe or contravene the Codes.

The three Mexican actuarial organizations have their own Honor Council, and in general the same process to analyze a denunciation.

First the denunciation is received, then the Committee let the potential offender know about the denunciation in order to allow he/she expose his/her reasons, then the Committee analyzes both denunciator and offender arguments and any other pertinent information before make a resolution.

The Honor Council will make a judgment on fault's severity and is able to impose sanctions according with such severity. The sanctions could be:

1. Confidential remark
2. Confidential censorship
3. Public Censorship
4. Suspend Member's Rights
5. Temporal suspension of the professional exercise
6. Cessation of the professional exercise
7. Denunciation before competent authority.

It is important to say that AMA and AMAC are just able to impose sanctions from 1 to 4, while the CONAC is able to impose from 1 to 7, since the CONAC is the actuarial body recognized by authorities. So in case of AMA or AMAC want to sanction a member with a stronger punishment, have to conduct the process through the CONAC.

In case of a sanction number 7, the CONAC Honor Council will communicate to the competent authorities its resolution and will keep an eye on that the corrective measures be executed.

It's important to highlight that the Mexican Codes of Ethics and Conduct observes the agreed matters regarding such kind of issues at the North American Council of Presidents as well as with the corresponding at the International Association of Actuaries and Groupe Consultatif.

4. EDUCATIONAL AND LEGAL ENVIRONMENT

Actuarial certification in Mexico, (as with all other professions) is granted by the government and not by actuarial associations. To get the professional certification, one is required to study at any of the 12 authorized universities in order to get a degree. Usually programs last for 4 years. After completing the curriculum and getting the degree, and consequently the "professional certificate" (official recognition), one must submit a thesis and take a professional exam. Some alternatives, however, are available, depending on the university involved. These include studies for a diploma in actuarial sciences, an exam for general recognition, etc. The first actuarial program was introduced by the "Universidad Nacional Autónoma de México" (UNAM – National Autonomous University of Mexico) in 1946.

Thus, basic actuarial education in Mexico is granted by the government. Actuarial associations become involved in continuing education programs focused on updating actuarial knowledge in different specialties, through several courses or seminars.

5. IAA SYLLABUS

In order to meet the IAA requirements regarding the syllabus, universities in Mexico are reviewing their curricula to make the necessary adaptations.

CONAC has been in continuous touch with universities to see that syllabus changes are fully implemented for all those who will start their actuarial studies in 2005.

Likewise, by the end of 2004, curricula in universities will be assessed and their progress and plans to finally implement the syllabus will be reviewed.

6. CONTINUOUS PROFESSIONAL DEVELOPMENT (CPD)

Actuaries getting their certification by CONAC or CNSF, need to participate in a Continuing Education Program to maintain their certification status. Only Actuaries complying with the yearly Continuing Education Program will maintain their certification status. If the yearly Continuing Education Program is not met the certification status will be valid for two more years. After this time a new certification exam will be required to continue being Certified. To cover the Continuing Education Program actuaries need to take at least 40 hours including 6 hours of legal issues and a total of no less than 32 hours evidenced by the corresponding exams. In short, the guidelines to cover the Continuing Education Program will be published.

The Continuing Education Program will be created to cover the following areas of certification: Life, Property & Casualty, Accidents & Health, Bonds, Pensions, and Auditing.

Moreover, AMAC has its own continuing education program. The main features of this program are as follows :

- The Program requirements may be completed with the help and participation in activities directly related to the specialty of the consulting actuary.
- Seminars, workshops, and lectures by the following associations: AMAC, AMA, CONAC and AMASFAC (Asociación Mexicana de Agentes de Seguros y Fianzas).
- Courses and diploma curricula on professional updating
- Academic activities
- Technical contributions and publications
- Conferences and annual meetings of actuaries organized by AMAC, CONAC, AMA, SOA, CCA and the IAA.
- Monthly AMAC meetings
- Working in AMAC commissions
- Teaching activities
- Working for the AMAC New Bulletin
- Participating in method evaluation exercises and actuarial evaluation results.