

Hungarian Actuarial Society

Due Process of Approving Actuarial Professional Standards of Practice

In-force as from May 26, 2006

Translation from the original Hungarian text (the English version is not binding)

The Hungarian Actuarial Society (hereinafter called as the Society) considers it an important task to issue professional standards of practice for its members from time to time and as needed. Developing and approving of professional standards of practice has to be such a transparent process where each member and each body of the Society and each other interested stakeholder has the opportunity to state their opinion. This document is to regulate that process.

1.§ Decision on a plan to issue a professional standard of practice

- 1.1 Each member and each body of the Society may make a proposal to issue a professional standard of practice. The proposal together with due arguments shall be submitted to the Executive Board.
- 1.2 The Executive Board shall decide whether the proposal is deemed to be well grounded. If the decision is affirmative then the Executive Board shall either form an ad hoc committee or commission an existing committee (hereinafter called as the Competent Committee) with the development of the draft of the professional standard of practice. The decision together with the list of the members of the Competent Committee shall be published by the Executive Board through circular email and the web site of the Society and to interested stakeholders.

2.§ Development of a professional standard of practice

- 2.1 The Competent Committee shall carry out its duty as transparent as possible, shall follow its own rules of procedure, and shall decide on a simple majority basis.
- 2.2 The Competent Committee shall develop the first draft of the standard of practice.
- 2.3 The Competent Committee shall publish the first draft through circular email and the web site of the Society and to interested stakeholders with due deadline set for the comments.
- 2.4 At least one public debate shall be organized on the first draft within the above deadline.
- 2.5 Each member and each body of the Society and each interested stakeholder may submit its comments on the first draft to the Competent Committee within the above deadline.
- 2.6 The Competent Committee shall consider each submitted comment by its content. Upon consent, the comment shall be incorporated into the second draft; upon no consent, the Competent Committee shall insert the refused comment and its reasons for refusal into the annex to the second draft.
- 2.7 The Competent Committee may decide to reiterate the process described in points 2.2 to 2.6 sensibly.

- 2.8 The Competent Committee shall submit its final draft to the Executive Board for decision making.
- 2.9 The Competent Committee shall act carefully in order to ensure an adequate transition time for the members until the standard of practice takes effect.

3.§ Approval of a professional standard of practice

- 3.1 The draft submitted to the Executive Board by the Competent Committee shall, by the Executive Board, be approved by a two third majority or be returned by a simple majority to the Competent Committee for a reiterated procedure; otherwise the standard of practice shall not be issued.
- 3.2 If the Executive Board returns the draft to the Competent Committee for a reiterated procedure then the procedure described in 2.§ shall be reiterated sensibly at most once. Upon a second attempt to approve the draft, the Executive Board shall either approve it by a two third majority or the standard of practice shall not be issued.

4.§ Disclosure of standards of practice

- 4.1 An approved standard of practice shall be published by the Executive Board through circular email and the web site of the Society and to interested stakeholders including international bodies the Society belongs to.

5.§ Amendment and withdrawal of standards of practice

- 5.1 In order to amend standards of practice materially, 1.§-4.§ shall be applied sensibly.
- 5.2 In order to withdraw standards of practice, 1.§ and 3.§-4.§ shall be applied sensibly.
- 5.3 In order to change the level of a standard of practice (attentive, recommended, compulsory) without material change in content, 1.§ and 3.§-4.§ shall be applied sensibly.