



RULE FOR ACTUARIAL FIRMS

March 2011

Part A: Definitions

In this Rule:

- (a) "Firm" includes an entity of which a Member is an employee, contractor, director or partner; and
- (b) "Senior Actuary" means a Member nominated on behalf of the Members in a Firm and accepted by the Institute as their Senior Actuary in accordance with Part B of this Rule.

Part B: Senior Actuary

Under the powers vested in the Council of the Institute (clause 13.2 of the Constitution), the Council requires the Members in a Firm to nominate one of themselves to the Institute for the position of Senior Actuary. Unless otherwise permitted, the Senior Actuary must be a Fellow or Accredited Member. If the Firm does not have a Fellow or Accredited Member who may be nominated for the position of Senior Actuary, the Members in such a Firm may instead nominate a Member who is entitled to use the designation 'Actuary'.

The Senior Actuary is not personally responsible for the conduct of another Member, but he or she must ensure that:

- (a) all Members of his or her Firm are aware of their responsibilities under the Code of Professional Conduct;
- (b) the Firm is aware that Members have such responsibilities; and
- (c) the Firm has in place a process for Members of his or her Firm to seek guidance in relation to professional matters.

Part C: Registration of Consulting Actuarial Firms

Under the powers vested in the Council of the Institute (clause 13.2 of the Constitution), the Council requires Firms describing themselves in terms such as "Consulting Actuaries" or "Actuaries" to register with the Institute of Actuaries of Australia.

A Member must not provide Professional Services for or on behalf of a Firm which describes itself in terms such as "Consulting Actuaries" or "Actuaries" unless the Firm satisfies Council that its Australian operation acts in accordance with the



principles set out in the Code of Professional Conduct and is predominantly under the control of either Fellows and/or Accredited Members or Members entitled to use the designation 'Actuary' who are working for it on a full time, or close to full time, basis.

However, this does not apply to a Member acting as a sole practitioner or in an unincorporated partnership where the partners are all Members of the Institute.

This Rule serves only to prescribe which Firms can describe themselves in terms such as "Consulting Actuaries" or "Actuaries". It does not prevent Members providing Professional Services as members of Firms, whether corporate bodies, partnerships or otherwise, whose members comprise Fellows and/or Accredited Members and other Members of the actuarial profession and/or members of other professions or callings. However, where mixed membership is involved, extreme care is necessary to ensure that Prescribed Actuarial Advice is not provided by, or not seen to be provided by, members of the Firm who are not Fellows or Accredited Members.

As a general principle, there should be a separate legal entity in Australia for that part of the Firm which describes itself in terms such as "Consulting Actuaries" or "Actuaries".

In order to satisfy this requirement, the Senior Actuary of the Firm must submit in writing to the Chief Executive Officer of the Institute a statement certifying that:

- (a) the Australian operation of the Firm acts in accordance with the principles set out in the Code of Professional Conduct;
- (b) the ownership of the Australian operation is such that no conflict is expected to occur between (a) and the objectives of the owners of the Australian operation; and
- (c) the Australian operation is effectively under the control of Fellows and/or Accredited Members or Members entitled to use the designation 'Actuary' who are working for it on a full time, or close to full time, basis.

As an illustration of the meaning of "effectively under the control", an Australian operation would be deemed to be effectively under the control of Fellows who are working for it on a full time basis if:

- (i) there is a "management group", such as a Board of Directors or an Executive Committee, which effectively controls the activities of the Australian operation; and
- (ii) the number of members of the "management group" is three or more, more than 50% of those members are Fellows, or if the number of such members is less than three, all of those members are Fellows.

The Senior Actuary's statement under the requirement in paragraph (c) above should be supported by statements from the actuarial members of the "management group" collectively or individually, indicating that they agree with the terms of the Senior Actuary's statement.



A Firm whose Senior Actuary has made the statement described above may expect that Council will approve the firm describing itself in such terms as "Consulting Actuaries" or "Actuaries".

Part D: Grandfathering

Where, prior to the date of introduction of this Rule:

- (a) a Member was nominated and accepted as the Senior Actuary for a Firm; or
- (b) a Firm had been registered with the Institute so as to enable it to describe itself in terms such as "Consulting Actuaries" or "Actuaries",

such nomination and acceptance, or registration with the Institute, remains as valid as if it had occurred under this Rule.

END OF RULE FOR ACTUARIAL FIRMS

Version history	
March 2011	Rule for Actuarial Firms replaces the June 2006 Rule for the Registration of Consulting Actuarial Firms (per Council Resolution 11/03/3.1(b) – 1 March 2011)
June 2006	Rule for the Registration of Consulting Actuarial Firms amended (per Council Resolution 06/05/3.2c – 2 May 2006)
December 2005	Rule for the Registration of Consulting Actuarial Firms introduced (per Council Resolution 05/12/2.4.1 – 14 December 2005)
December 2001	Code of Conduct, section 32
April 1998	Code of Conduct, section 30
December 1995	Code of Conduct, section 30
May 1985	Code of Professional Conduct, section 26
November 1976	Code of Professional Conduct, sections 17 and 18