



POLICY FOR DRAFTING AND DEVELOPING PRACTICE GUIDELINES

August 2008

The Code of Professional Conduct is the keystone of the governance regime for the Australian actuarial profession. It sets out the minimum standards of professional conduct to be observed by members of the Institute. As such, the Code is concerned with professional behaviour, rather than the technical aspects of actuarial work.

Section 4.2.5 of the Code of Professional Conduct provides that:

“in accordance with the Professional Standard set by the Institute on continuing professional development, all Members have a continuing duty to maintain professional knowledge and skill at a level required to ensure that a Principal receives the advantage of competent Professional Services, based on current legislation and ***generally accepted practices and techniques.***” (emphasis added)

The Institute’s Practice Guidelines form part of the constantly evolving bank of knowledge of the actuarial profession in Australia which constitutes “generally accepted practices and techniques.”

This Policy for Drafting and Developing Practice Guidelines is designed to ensure that:

- ▶ all Practice Guidelines are drafted and developed in a consistent manner and in consultation with relevant and interested members of the Institute (and, where necessary, external parties); and
- ▶ a new or amended Practice Guideline is not issued to members until the Institute’s Council has approved the Practice Guideline.

1. Scope of Practice Guidelines

A Practice Guideline is issued to formally capture and document generally accepted actuarial practices and techniques, if Council is of the view that the Practice Guideline will assist members of the Institute to deliver competent Professional Services.

Practice Guidelines are not mandatory. Mandatory duties for members are covered in Professional Standards of the Institute.



Practice Guidelines are not connected to Professional Standards and they must not be used to interpret a Professional Standard.

Practice Guidelines must be consistent with the Code of Professional Conduct, Professional Standards, and any relevant legislation or regulatory standards.

2. Due Process for the Development and Amendment of Practice Guidelines

Council may issue a Practice Guideline on the recommendation of a Practice Committee or Taskforce of the Institute.

The Practice Committee or Taskforce must present a new or amended Practice Guideline to Council with an Explanatory Memorandum which:

- ▶ explains how and why the Practice Guideline has been developed or amended;
- ▶ confirms that the Practice Committee has properly consulted with relevant and interested members of the Institute and, where necessary, external parties;
- ▶ discusses the extent to which the Practice Guideline represents generally accepted actuarial practices and techniques, and the level of support from members;
- ▶ confirms that the Practice Guideline has been drafted in accordance with this Policy;
- ▶ confirms that the Practice Guideline is consistent with the Code of Professional Conduct, Professional Standards, and any relevant legislation or regulatory standards.

Once Council has approved a Practice Guideline, the Institute's Secretariat must ensure the timely publication of the Practice Guideline to the Institute's members, as well as any interested external parties. The Institute's Secretariat must ensure that the Practice Guideline is numbered in accordance with the Numbering System for Practice Guidelines, as approved by Council.

3. Drafting Practice Guidelines

- (a) Practice Guidelines do not set out mandatory duties for members of the Institute. To avoid confusion, the words "must" and "shall" are not to be used in a Practice Guideline.
- (b) All definitions used in a Practice Guideline must be consistent with definitions set out in the Code of Professional Conduct.



- (c) Practice Guidelines must be drafted in accordance with this Policy and in accordance with the pro forma template for Practice Guidelines set out in the Appendix to this Policy.
- (d) Every Practice Guideline must include the following paragraphs in the Introduction section (Classification).

“This Practice Guideline has been prepared in accordance with Council’s Policy for Drafting and Developing Practice Guidelines, as varied from time to time. It must be applied in the context of the Institute’s Code of Professional Conduct.

This Practice Guideline is not mandatory.

Nevertheless, if the Professional Services provided by a Member are covered to any extent by this Practice Guideline, a Member should consider explaining any significant departure from this Practice Guideline to the Principal, and document such explanation.”

4. Withdrawing Practice Guidelines

Council may withdraw a Practice Guideline on the recommendation of a Practice Committee or Taskforce of the Institute.

In making such a recommendation, the Practice Committee or Taskforce of the Institute must provide a reasonable level of explanation to Council as to why the Practice Guideline should be withdrawn.

Once Council has approved the withdrawal of a Practice Guideline, the Institute’s Secretariat must ensure the timely notification of such to the Institute’s members, as well as to any interested external parties.

5. Revision history

This Policy was first issued in July 2006.

The August 2008 revision made specific provision in relation to the withdrawal of Practice Guidelines, as well as some other minor edits.



APPENDIX TO POLICY - PRO FORMA TEMPLATE FOR PRACTICE GUIDELINES

PRACTICE GUIDELINE [Practice series number]99.[unique identifier]

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