



The Actuarial Profession

making financial sense of the future

consultation response

**Financial Reporting Council Discussion Paper –
Promoting Actuarial Quality**

Comments from the Actuarial Profession

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Reference: RM/KC/Consultation

Dear Emily

Response to Discussion Paper: Promoting Actuarial Quality

The Actuarial Profession welcomes this discussion paper upon which we offer some high level observations and comments for the Board's consideration.

We share the FRC's desire to promote actuarial quality and we agree that the promotion of actuarial quality should be a joint endeavour between the Board for Actuarial Standards, the Professional Oversight Board and the Actuarial Profession.

This discussion paper is a useful overview of the current environment for actuarial work in the UK highlighting, as it does, a number of useful points, not least of all the practical difficulty in assessing actuarial quality by direct means. We are supportive of the desire by POB and BAS to develop drivers that might assist in helping to capture the key influencers of actuarial quality as background to their work and feel that these issues might continue to be explored through discussion and dialogue between ourselves. The work is valuable to the Profession in its development of its own regulatory quality framework.

We do think you have developed appropriate descriptions for most mainstream actuarial work. There will however always be difficulties in trying to condense what is a broadening range of actuarial activities within a single sentence. In our view other key concepts that often underlie actuarial work are: the assessment and management of risk; the promotion of fair treatment of policyholders; the projection of long-term financial outcomes and the assessment of mortality/longevity/ morbidity and associated financial impacts.

The paper describes actuarial work in wider terms than that which is reserved to actuaries. The fact that such work can be done by individuals who are not actuaries raises concerns over quality.

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There is a clear public interest benefit in actuarial work being conducted by members of professional bodies and this is an aspect that the FRC is well placed to influence. We are also struck by the clear difference between the wide range of actuarial work described in this paper and the work of auditors covered by the FRC's work on audit quality.

We would be happy to meet to discuss these drivers and the means through which they might be promoted if that was felt useful.

We hope that this feedback is of use to the Board in developing its thinking and would be happy to discuss this response with you either at one of our regular meetings or on a specific occasion.

Yours sincerely

John Hylands
Chairman
Management Board