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Actuaries' Code and Regulation Update

Life Conference

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22 November 2018



On the Agenda

- Actuaries' Code
- Quality Assurance Scheme
- Pilot of Outcomes Focused CPD Scheme
- Consultation on Actuarial Monitoring Scheme
- Practising Certificates Regime
- Capacity for Membership Scheme
- Professional Skills
- Consultations



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Actuaries' Code: The Review

- Actuaries' Code came into force in 2009, reviewed in 2013
- Substantial changes in the profession and the IFoA
- Working Party tasked with review
- Public consultation



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Key Changes

- Clearer structure
- Simplification of language
- Members' obligations clarified using "must" and "should"
- New stand-alone "Speaking Up" principle
- New supporting Guide



Image Source: <https://www.motivationalmemo.com/wp-content/uploads/2010/06/change.jpg>



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Application

- Applicable to **all** Members in **all** locations
- Reflects international nature of IFoA membership



Image Source: <https://theothetheo.xyz/dilema-go-international/international2017-01/>



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Scope

“...all Members’ conduct in relation to an actuarial role”

- Categories of membership
- Different work and roles: traditional and what can be perceived as “actuarial”

“...Members’ other conduct if that conduct could reasonably be considered to reflect upon the profession”



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Status and Purpose

- Principles and Amplifications
- Members' obligations in relation to each principle explained using "must" and "should"
- Nothing in the Code is intended to require Members to act in breach of legal requirements

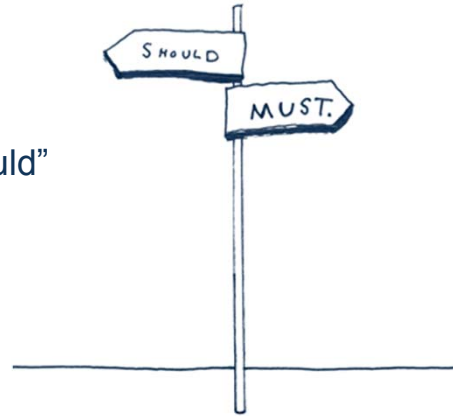
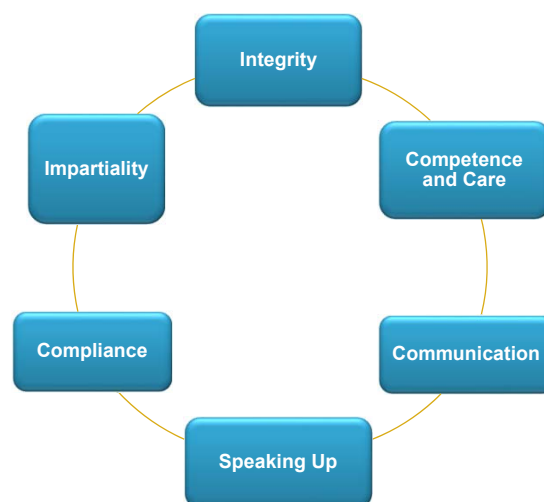


Image Source: <https://medium.com/@elleluna/the-crossroads-of-should-and-must-90c75eb7c5b0>



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The Principles



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Integrity

“Members must act honestly and with integrity”

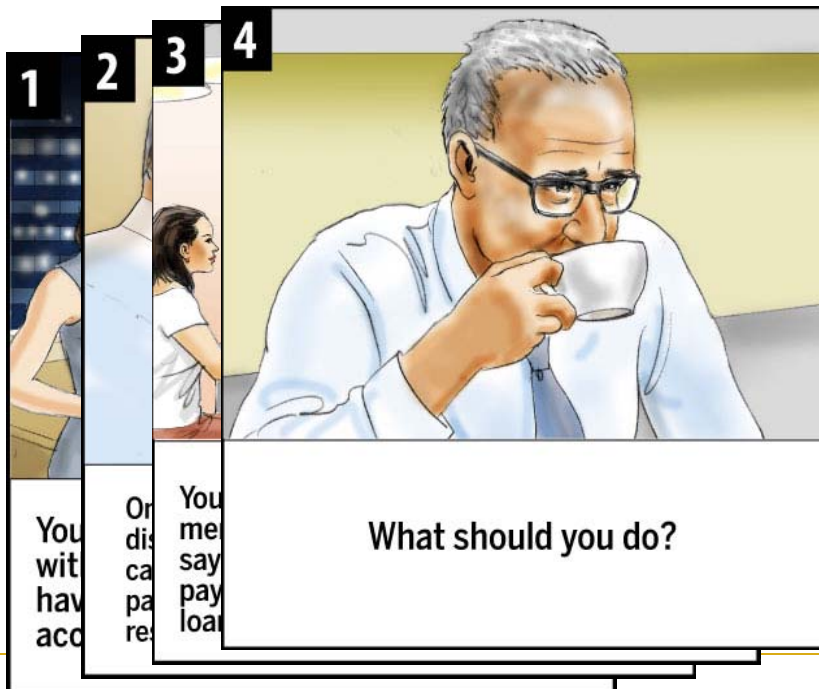


- Conduct yourself in a professional and ethical manner
- Show respect for others
- Not just limited to Members' professional lives
- Respect confidentiality
- Promote diversity and equality

Image source: https://cdn.psychologytoday.com/sites/default/files/field_blog_entry_images/2017-07/integrity_0.jpg



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Competence and Care

“Members must carry out work competently and with care”

- Correct skills and knowledge for the work
- Maintain your competence
- Work must be appropriate to the needs and instructions of the user
- Seek the advice and input of others when necessary



Image Source: <https://elearningindustry.com/learning-as-kids-and-learning-as-adults-inspiration-kirkpatrick's-four-level-model>



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Impartiality

“Members must ensure that their professional judgement is not compromised, and cannot reasonably be seen to be compromised, by bias, conflict of interest, or the undue influence of others”



- Decisions are based on objective criteria
- Look for conflicts of interest
- Avoid “Group Think”

Image Source: <https://cdn.corporatefinanceinstitute.com/assets/groupthink.png>



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Compliance

“Members must comply with all relevant legal, regulatory and professional requirements”

- Comply with all relevant laws
- Apply professional requirements
- Ensure you abide by Standards
- Disclose convictions to the IFoA



Image Source: <https://www.cloudraxak.com/compliance-standards-and-regulations-are-your-security-friends/>



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Speaking Up

“Members should speak up if they believe, or have reasonable cause to believe, that a course of action is unethical or is unlawful”

- Must report misconduct to IFoA
- Challenge non-compliance with legal, regulatory and professional requirements
- Report to relevant authorities behaviour that is unethical or unlawful
- Make users aware of substantial issues with pieces of work



Image Source: https://secure.i.telegraph.co.uk/multimedia/archive/02737/mens-day_2737605b.jpg



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Communication

“Members must communicate appropriately”



- Take care to communicate to users and others in an appropriate manner
- Ensure that the information is suitable and accurate
- Take care in communicating over media, particularly social media



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| | | | |
|-----------------------------|-----------------------------|------------------------------------|---|
| 1 | 2 | 3 | 4 |
| | | | |
| You speak to the colleagues | You speak to the colleagues | Dr. Ma You speak to the colleagues | <ul style="list-style-type: none"> - Do you agree with the advice? - Is your colleague's behaviour a breach of the Actuaries' Code? - Is it just the company's reputation you should be concerned about? - What should you do if you have concerns? |



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The Guide

- Brings together different pieces of IFoA guidance
- Assist members in understanding their obligations and provide support in applying the Code in practice
- Separate chapters for each of the principles
- Will be available on the website



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Implementation

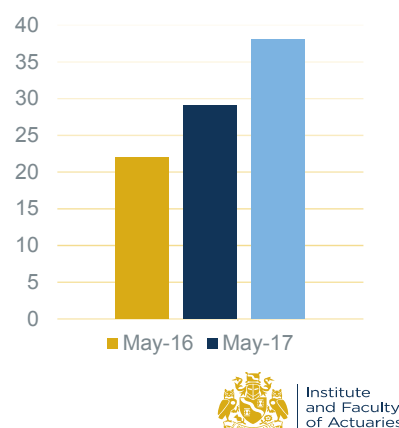
- Code published on 18 May
- Guidance published in Spring 2019
- Code comes into force in 18 May 2019



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Quality Assurance Scheme

- Global since April 2018: UK, Malaysia, Singapore, Hong Kong, Indonesia, Sri Lanka
- 37 organisations, 3776 members
- Represents 12% of the worldwide IFoA Membership
- Mainly consultancies, including some of the biggest employers of IFoA Members



19

Pilot of Outcomes Focused CPD Scheme

- Launched in July 2018 for two CPD years
- Seven QAS accredited organisations participating
- Investigate if viable alternative to hours based CPD



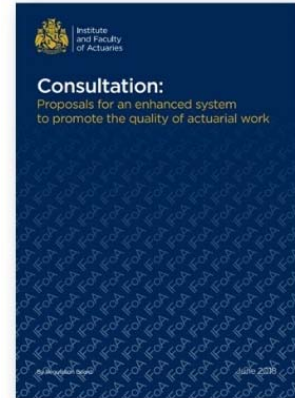
- Report on results in 2020



20

Proposals for Actuarial Monitoring Scheme

- Proposal by the Regulation Board for an enhanced system to gather information about the work being carried out by IFoA Members
- Improve standards, guidance and educational material and promote best practice
- Consultation: results published towards the end of 2018



Review of Practising Certificates Regime

- Changes to the Scheme - 1 September 2018
- Change in experience requirements
- Refreshed Scheme and Forms
- Guidance on Scheme Actuary experience
- PDF certificate



Capacity for Membership Scheme

- Introduced February 2018
- Rare cases
- Members suffering from significant and current issues of health which are the root cause of the incident under scrutiny
- Aims to balance public interest issues in a disciplinary context against the desire to support members suffering from significant illness



Image Source: <http://bssf-bd.org/bssf/wp-content/uploads/2017/04/membership.jpg>



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23

Professional Skills Materials

- New suite of materials launched end of September 2018
 - Video case studies in Asia and Africa
- Themes include:
 - calling out inappropriate behaviours
 - responsibilities of board members
 - speaking up
 - pitfalls of social media
 - and more...



Image Source: www.istockphoto.com/%2Fphotos/%2Fskill&psig=AOvVaw2qcqJpV7kY3-4xlS5ZPen&ust=1536672116634494



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24

On the Horizon...

- Independent review of the FRC by Sir John Kingman
- Review of all Standards and Guidance in light of Revised Actuaries' Code
- Data Science Focus Group
- International and European Standards



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Image Source: <https://timelesshrsolutions.files.wordpress.com/2016/12/employee-performance-review.jpg>

25

Questions

Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenters.



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