



Institute
and Faculty
of Actuaries

Review of UK Actuarial Regulation

The IFoA Conference 2022

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Background

- Morris Review 2005
 - new UK arrangements (independent technical standards + oversight + public interest discipline scheme)
- FRC led review 2013
 - changes to arrangements (JFAR, QAS, new powers to ‘step in’ for oversight)
- Kingman review of FRC 2018
 - recommends creation of ARGAs
- HMT review 2019
- BEIS White Paper 2021



BEIS White Paper Proposals

- Audit Reporting and Governance Authority (ARGA) takes on role in actuarial regulation
- Broadly the same arrangements as currently between IFoA and FRC **except**:
 - Statutory basis for ARGA role (not MoU)
 - Technical standards role expanded (monitoring + enforcement powers)
 - Standards will be ‘legally binding’ (undefined)
 - Proposed actuarial entity regulation
 - Some statutory requirements for IFoA re oversight



IFoA Response to White Paper

- Council Regulatory Strategy Steering Group
- Engagement with different stakeholders, groups of members, employers
- Response published on website
- Shared earlier than closing date to allow others to see our position before submitting own response
- Concerns expressed along with proposed solutions
- Key concerns: new framework should be risk- based and avoid risk of arbitrage. Further concern about proposed entity regulation.



IFoA Proposed solution

- ARGAs technical standards role limited to a published list of key actuarial activities (public interest risk)
- Requirement that everyone involved in those activities subject to ARGAs regulation
- ARGAs monitoring and enforcement given effect through an authorisation/registration system for 'key responsible role holders'
- Requirement for those responsible role holders to have an actuarial qualification/ be a qualified member of the IFoA.



BEIS/ HMT response (May 2022)

- Current division of responsibilities between FRC and IFoA to be retained
- ARGAs will (on a statutory basis, within UK scope)
 - 'Regulate' (set technical standards, monitor, enforce and discipline) individuals doing 'public interest actuarial work'
 - ARGAs to define list of work (subject to Govt. scrutiny)
 - Only work done for PIEs, large pension schemes and large funeral plan trusts
- ARGAs will also set TASs for IFoA members (within UK scope)
- ARGAs will not set ethical standards, but may apply IFoA ethical standards to non-IFoA members.
- No entity regulation (but limited complementary powers to support individual regulation)

Conclusions and possible questions/ concerns

- In principle, risk-based, targeted approach
- But devil in the detail?
- What will be on list of activities?
- How will this be drawn up/ maintained/ overseen?
- How will ARGA identify who it regulates?
- Risk of duplication with other regulators?
- How will geographic scope be defined?
- How will ethical standards be enforced against non-IFoA members?
- Imposing statutory TASs on all IFoA members is not risk-based and risks arbitrage?
- Proposals entirely silent on funding model
- Will the new framework protect the public interest?

Next steps

- Consultation response published May 2022
- Govt. to publish draft legislation this Parliamentary session?
- Legislation to be included in 2023 Queen's Speech?
- Implementation 2024?
- But: timescale remains uncertain