



Institute
and Faculty
of Actuaries

Guidance for APS QA1: Organisations and Employers of Actuaries

by the Regulation Board

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Contents

Introduction	1
1. Quality assurance (including peer review)	2
2. Engagement and communication with Users	4
3. Conflicts of interest	7
4. Development and training of Members	9
5. Whistleblowing	12
6. The handling of complaints and disputes about Members or Actuarial Work	14
7. Contact us	17

Introduction

The working environment plays an important part in ensuring that actuaries are properly supported in relation to both technical and professional issues and that they feel empowered to carry out their work with confidence. The operation of quality controls within an Organisation is therefore vital in ensuring actuarial quality and maintaining public confidence in the Organisation and the actuarial profession in general.

APS QA1: Organisations and Employers of Actuaries (APS QA1) (the text of which is reproduced in an appendix to this guide) sets out the good practice principles and policies that the Institute and Faculty of Actuaries (IFoA) expects Organisations to maintain and apply in relation to each of the following areas as regards their actuarial practice:

- 1. Quality assurance (including peer review);**
- 2. Engagement and communication with Users;**
- 3. Conflicts of interest;**
- 4. The development and training of Members;**
- 5. Whistleblowing; and**
- 6. The handling of complaints and disputes about Members or Actuarial Work.**

APS QA1 is mandatory for all Organisations participating in the IFoA's Quality Assurance Scheme¹. Wider adoption by Organisations not participating in this scheme is strongly encouraged.

Organisation is defined in APS QA1 as an organisation, including: (a) a corporate body; (b) a limited liability partnership; (c) a partnership; or (d) a sole practice which consists of or employs one or more Members. In this guide, the term "employee" includes a sole practitioner, partner, member (in the case of a limited liability partnership only), director and officer.

This guide is issued by the Regulation Board of the IFoA for the use and benefit of Members and Organisations. This is a high level guide which supports APS QA1 and sets out the IFoA's view of good practice in relation to each of the areas detailed above.

Each Organisation should adopt its own policies and procedures based on the size and structure of the Organisation and the nature of the work being carried out. We have included a number of examples of best practice within this guide in order to assist Organisations who are working to develop policies and procedures in order to gain accreditation. Members and Organisations must be aware that the provisions of the Actuaries' Code are applicable to all Members of the IFoA.

This guide imposes no obligations upon Members or Organisations over and above those embodied in APS QA1. It does not constitute legal advice, nor does it necessarily provide a defence to allegations of misconduct. While care has been taken to ensure that it is accurate, up to date and useful, the IFoA will not accept any legal liability in relation to its contents. The defined terms used in APS QA1 apply to this guide.

¹ <http://www.actuaries.org.uk/regulation/pages/quality-assurance-scheme-qas>

1. Quality assurance (including peer review)

1.1 Introduction

APS QA1 requires Organisations to maintain and apply appropriate policies and procedures in relation to quality assurance. In particular, APS QA1 requires that Organisations must achieve the following objectives:

*In order to promote high quality **Actuarial Work** the **Organisation** must have in place:*

- (a) *a management structure to ensure that those undertaking **Actuarial Work** are subject to appropriate supervision; and*
- (b) *good practice policies and procedures which are designed to support:*
 - i. compliance with all applicable mandatory actuarial standards and other relevant legal and regulatory requirements; and*
 - ii. the clear, consistent and effective use of **Peer Review**.*

Such policies and procedures must be appropriately documented and;

- (a) *be delivered within the context of a clearly defined structure of leadership and operational responsibilities in relation to the assurance of actuarial quality;*
- (b) *be clearly communicated and understood across the **Organisation**;*
- (c) *contain mechanisms through which the **Organisation** monitors clearly and objectively their effectiveness and can identify and act upon areas for improvement, where appropriate; and*
- (d) *enable appropriate steps to be taken to remedy deficiencies, where work is found to fall short of relevant quality standards.*

This note provides guidance on the techniques and processes which may help Organisations to achieve these objectives.

1.2 Appropriate supervision

Organisations should have in place management structures to ensure that those undertaking Actuarial Work are subject to appropriate supervision.

1.3 Training and development

Organisations should be able to demonstrate that they have adopted and continue to promote a culture of quality assurance and compliance. In particular, Organisations should ensure that their employees have a good understanding of the legal and regulatory requirements that are relevant to their work, and that these are applied within the Organisation. Employees should be aware of legal and regulatory developments and how these will affect their work. The Organisation should consider whether any training is required to support employees' understanding of legal and regulatory requirements and the policies and procedures adopted by the Organisation. Further guidance in relation to the training and development of Members can be found at section 4 of this guide.

1.4 Peer review

Peer review involves a piece of work, or one or more parts of a piece of work, being considered by at least one other appropriately qualified individual, for the purpose of providing assurance as to the quality of the work in question.

There are circumstances where peer review is mandated by regulation, in particular by *APS P2 Compliance Review: Pensions*. However, where there is not a mandatory requirement in place, Organisations should expect employees to adopt peer review in relation to Actuarial Work in all appropriate cases, having regard to:

- the public interest in assuring public confidence in the quality of the work in question;
- the significance of the piece of work;
- the expectations of Users; and
- the complexity of the piece of work.

The IFoA expects Organisations to understand the obligations on Members regarding peer review and to foster an environment in which they are able to meet those obligations.

The specific processes for peer review that an Organisation adopts will depend on the size and structure of the Organisation and the nature of the work being carried out; however, the following key elements should be included:

- there should be at least two people involved in the peer review process, i.e. the person responsible for completing the work and the person reviewing the work;
- there should be agreement with the peer reviewer as to the scope and nature of the peer review;
- the person performing the peer review should not have carried out the work being reviewed;
- the person performing the peer review should have the appropriate skills and experience to carry out this role; they need not necessarily be a qualified actuary; and
- the timing of the peer review should be capable of influencing the outputs of the piece of work.

Further guidance in relation to peer review policies and procedures can be found in the IFoA's *Peer Review Guide and APS X2: Actuarial Quality and Peer Review*, which are expected to be published later in the year.

1.5 Monitoring quality

Organisations should ensure that they have appropriate mechanisms in place to monitor the quality of work being carried out by employees carrying out Actuarial Work. Internal audit or periodic file reviews may help to highlight matters of concern before they have an adverse impact.

1.6 Documentation

Organisations should ensure that they document appropriately the reviewing process carried out and, in particular, that the date and name of the individual carrying out the review is recorded. Standard forms and templates can help to ensure that employees consider all relevant aspects of the review; however a more superficial "tick box" approach to the review, in general, should be avoided.

2. Engagement and communication with Users

2.1 Introduction

Appropriate communication and engagement with Users is vital in ensuring client satisfaction, safeguarding the Organisation's reputation and maintaining public confidence in Actuarial Work. Even when difficulties arise, timely communications and managing User expectations can help to ensure that Users remain happy with the work being carried out and the risk of complaints and litigation is minimised.

APS QA1 requires that:

*The **Organisation** must facilitate clear and appropriate engagement and communication with **Users**.*

In order to achieve this objective, Organisations should:

- monitor appropriately the effectiveness of communications with Users;
- deal appropriately with the management, retention and destruction of files and data relating to Actuarial Work;
- ensure that Actuarial Work is only undertaken in circumstances where the Organisation has at its disposal the relevant skills, knowledge and resource necessary to satisfy the reasonable expectations of the User; and
- respect client confidentiality.

2.2 Acceptance of and withdrawal from client engagements (where applicable)

When contracting to carry out Actuarial Work, the Organisation should have a clear understanding of who its client is. In addition, Organisations should be aware of and comply with their obligations in relation to the Money Laundering Regulations².

Organisations should ensure that there is a mutual understanding of the scope of the relationship with the client, and, importantly, the limitations of that scope, at the outset. If possible, prior to commencing work this should be set out in writing, together with the terms of business. The Organisation should be satisfied that the client understands the terms of the engagement. This is important in managing client expectations, in particular in relation to fees, the frequency of communications and the outputs of the work. This is reflected in relation to individual Members in principles 2.5 (Members will agree with the client the scope and nature of any appointment or instruction) and 2.6 (Members will agree with the client the basis for their remuneration before commencing an appointment or instruction and before any material change in the scope of an existing appointment or instruction) of the Actuaries' Code.

If it is necessary to withdraw from acting for the client, this should be properly communicated to the client, orally and ideally in writing, with an explanation for the withdrawal. The Organisation should be satisfied that there is good reason for withdrawing from the engagement and this should be communicated to the client as soon as is reasonably practicable. Organisations should consider whether it is appropriate to continue to act for the client until it is able to instruct an alternative Organisation.

² Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002

2.3 Communications with Users

Principle 5.1 of the Actuaries' Code requires Members to ensure that their communications, both oral and written, are clear and timely and that the method of communication is appropriate. Communications with Users should avoid the use of language which is likely to impede clarity of understanding. The Organisation should be satisfied that communications are appropriate for the intended audience and that the User is able to understand their contents. The information provided should be relevant and concise, but should also be complete. Principle 5.3 of the Actuaries' Code states that communication should be "*accurate and not misleading, and contain[s] sufficient information to enable its subject matter to be put in proper context*".

Organisations should consider whether the User is vulnerable and be aware of any language barriers or learning difficulties. Users should also be provided with appropriate contact details in the event that they have any queries regarding the work being carried out.

2.4 Monitoring the effectiveness of communications with Users

Organisations should be open to receiving feedback from Users and should have a process in place to allow comments received from Users to be considered and, if appropriate, acted upon. Regular file reviews may be implemented to ensure that communications with Users are timely and appropriate.

2.5 Management, retention and destruction of files and data relating to Actuarial Work

Files and data may be kept in electronic or hard copy format. However, Organisations should ensure that they are kept securely and confidentially and that the information is recoverable.

Files should be kept up to date and contain all significant documentation and correspondence, including telephone notes.

Organisations should have policies in place which state for how long files will be retained. As a very rough guide, it is considered to be good practice in the UK to retain files for at least six years. Consideration should be given to the type of data being retained in the files and the practice and governing law of the relevant jurisdiction. Organisations may also wish to discuss their file retention policy with their professional indemnity insurer. Due to the sensitivity of the contents of files, Organisations should ensure that, when it is appropriate to destroy files, this is done securely.

Organisations must also act in accordance with the Data Protection Act 1998 and other regulatory and legislative requirements. In particular, clients should understand what information the Organisation will retain and how this will be used.

2.6 Satisfying the reasonable expectations of the User

Organisations should ensure, before accepting or undertaking a piece of work, that they have the relevant skills, knowledge and resource to complete the piece of work in line with the scope agreed and within the timeframe expected by the User. Principle 2.2 of the Actuaries' Code states that Members will not act unless they have an appropriate level of relevant knowledge and skill.

2.7 Confidentiality of Actuarial Work

Organisations should ensure that confidentiality is maintained and that employees are aware of their obligations in relation to confidentiality. Further guidance in relation to confidentiality can be found in the IFoA's *Conflicts of Interest Guide* (see section 3.3 of this Guide).

3. Conflicts of Interest

3.1 Introduction

APS QA1 requires Organisations to maintain and apply appropriate policies and procedures in a number of areas, including in relation to conflicts of interest. The Appendix to APS QA1 sets out that:

*The **Organisation** must have processes in place which enable **Members** to identify, manage and, where possible and appropriate, reconcile actual and potential conflicts of interest.*

In order to achieve this objective, the Organisation should have processes and procedures in place to assist Members:

- to identify and handle appropriately conflicts of interest which arise;
- to reconcile such conflicts where it is possible and appropriate to do so;
- to decline to act where it is not possible to reconcile a conflict of interest; and
- in relation to the acceptance and undertaking of Actuarial Work, to ensure that the Organisation is able to supply objective advice to its Users and the employees providing the advice are not, and cannot reasonably be seen to be, compromised.

3.2 Key principles

The starting point in relation to the consideration of conflicts of interest, in respect of individual Members, is principle 3 of the Actuaries' Code which states as follows:

- "3.1 Members will ensure that their ability to provide objective advice to their clients is not, and cannot reasonably be seen to be, compromised.*
- 3.2 A conflict of interests arises if a member's duty to act in the best interests of any client conflicts with:*
- (a) the member's own interests, or*
 - (b) an interest of the member's firm, or*
 - (c) the interests of other clients.*
- 3.3 Members will take reasonable steps to ensure that they are aware of any relevant interest, including income, of their firm.*
- 3.4 Unless they decide not to act, members will disclose in writing to their client any steps they have taken, or propose to take, to reconcile any actual or reasonably foreseeable conflict of interest.*
- 3.5 Members will not act where there is a conflict of interest that has not been reconciled.*
- 3.6 Before accepting any assignment, members will consider carefully whether they should consult with any member who previously held such a position with the client, to establish whether there might be any professional reason why the assignment should be declined."*

It is important that Organisations have in place policies and procedures which support these professional obligations, and in particular enable Members and Organisations to:

- identify (potential) conflicts of interest, as and before they arise;
- adhere fully to the principles of client disclosure and confidentiality;
- take and communicate appropriate decisions in relation to (potential) conflicts of interest, once identified including, critically, as to whether it is, in the circumstances, appropriate to act (or to continue to act);
- put in place and maintain, where appropriate, a conflicts management plan, agreed with the client(s), with a view to setting out clearly and in advance the extent to which, and by what means, any potential conflicts may be managed; and as a result
- act, and to be seen to act, in the best interests of all Users.

3.3 Further Guidance and reference material

The IFoA has published separately substantial guidance on conflicts of interest, to which Organisations are referred. This includes:

- [*Conflicts of Interest – A guide for Actuaries*](#)³
- [*Conflicts of Interest – A guide for Employers*](#)⁴
- [*Conflicts of Interest – A Note for Trustees*](#)⁵

The Conflicts of Interest Toolkit is a package of material intended to support Organisations' own in-house training and CPD in relation to conflicts of interest.

The IFoA has additionally published a range of CPD training material in relation to conflicts of interest which is available to Members on its [website](#)⁶.

³ http://www.actuaries.org.uk/conflicts_of_interest_a_guide_for_actuaries

⁴ <http://www.actuaries.org.uk/research-and-resources/documents/conflicts-interest-guide-employers-actuaries>

⁵ http://www.actuaries.org.uk/conflicts_of_interest_note_for_pension_scheme_trustees

⁶ <http://www.actuaries.org.uk/members/pages/continuing-professional-development-scheme>

4. Development and training of Members

4.1 Introduction

APS QA1 requires Organisations to maintain and apply appropriate policies and procedures in relation to the development and training of Members. In this respect, paragraph 4 of the Appendix to APS QA1 sets out the objective which Organisations must achieve:

The Organisation must support and facilitate the development and training of Members to maintain competence appropriate to their role and level of responsibility.

In order to achieve this objective, the Organisation should have procedures and policies in place to ensure that it:

- dedicates appropriate time and resource to the development of student Members;
- actively and effectively supports Members in keeping their competence up to date and in meeting the IFoA's requirements in relation to Continuing Professional Development and Professional Skills Training; and
- has in place an appropriately structured environment which facilitates the identification and fulfilment of individual learning objectives, in relation to:
 - Technical knowledge and understanding;
 - Relevant skill sets; and
 - Professionalism.

4.2 Background

Principle 2 of the Actuaries' Code states that "*members will perform their professional duties competently and with care*", and that they will not act unless:

- (a) "*They have an appropriate level of relevant knowledge and skill; or*
- (b) *They are acting on the advice of an individual who has the appropriate level of relevant knowledge and skill and all interested parties are aware that this is the case; or*
- (c) *They are acting under the direct supervision of another member who is taking professional responsibility for that work.*"

Further, paragraph 2.7 of the Actuaries' Code requires that, "*Members will keep their competence up to date*". The IFoA has published separately its *CPD Scheme*⁷ and *Professional Skills Training Handbook*⁸, setting out formal requirements in relation to the undertaking of professional development. The Professional Skills Training Handbook applies to all Members, including students, whereas the CPD Scheme does not apply to students, who are subject to the IFoA's examination and Work Based Skills frameworks, as part of the qualification process.

4.3 Principles

The objective set out in APS QA1 in relation to development and training are focused on the importance of ensuring that Organisations foster and maintain an environment conducive to

⁷ <http://www.actuaries.org.uk/members/pages/continuing-professional-development-scheme>

⁸ <http://www.actuaries.org.uk/regulation/pages/professional-skills-training>

effective learning and professional development for Members. We divide this requirement into three components:

- student Members;
- qualified Members; and
- Practising certificate holders (or members working towards making a practising certificate application).

4.4 Students

Organisations must dedicate appropriate time and resource to the development of student Members, including through:

- the identification of learning objectives;
- the opportunity for development through a range of relevant work experience;
- the provision of appropriate training and support (whether delivered in-house or sourced externally);
- regular monitoring, appraisal and feedback; and
- specific support to students in developing their understanding of professional ethics, including in undertaking applicable elements of the IFoA's Professional Skills Training regime.

These principles are intended to complement the more formal Work Based Skills element of the qualification programme, in terms of which Organisations may seek separate accreditation (see <http://www.actuaries.org.uk/students/pages/work-based-skills-accreditation-employers>).

4.5 Professional development for qualified Members

The same principles are also applicable to the development of qualified Members, with a view to fostering a working environment conducive to effective professional development. In particular, Organisations should have in place a structure such that:

- development needs are identified;
- development opportunities are provided;
- the progress and development of individuals against their objectives is monitored; and
- professional development and training are appraised and objectives reviewed at regular intervals.

Specifically, Organisations are required to support and encourage professional development and training in a way which encourages and enables Members of the IFoA to fulfil their formal obligations in relation to CPD and Professional Skills Training.

Organisations are encouraged to support Members who wish to become involved in relevant activities of the IFoA. This might include activities in relation to research or thought leadership, to the development and/or delivery of training for other Members, or to serving on a relevant committee responsible for the development of policy or a particular practice area.

4.6 Practising certificate holders (and members working towards making a practising certificate application)

The IFoA operates a practising certificates regime applicable to those undertaking, or wishing to undertake, certain reserved roles⁹. Organisations are expected to provide appropriate support to Members undertaking reserved roles, or who wish to do so, in ensuring:

- that they are properly prepared for and have appropriate experience before applying for a practising certificate;
- that, once practising certificate holders, they continue to receive appropriate support in relation to their ongoing development and that they continue to have the relevant expertise and skills necessary to undertake these roles; and
- that their particular individual (and sometimes statutory) responsibilities as practising certificate holders are recognised within the Organisation. This will include, for example, ensuring that they are appropriately supported and that particular professional issues to which that role may give rise – for example, in relation to the potential for conflicts of interest between the responsibilities of a practising certificate holder and the interests of his or her Organisation – are properly recognised and appropriately addressed.

⁹ <http://www.actuaries.org.uk/regulation/pages/statutory-roles-and-criteria-practising-certificates>

5. Whistleblowing

5.1 Introduction

APS QA1 requires that:

*The **Organisation** must foster an environment in which **Members** feel able to speak up where they have concerns of a professional nature in relation to **Actuarial Work**.*

In order to achieve this objective, Organisations should communicate and apply a clear and appropriate mechanism by which Members may raise concerns of a professional nature in relation to work undertaken by the Organisation, its staff or customers/clients.

By promoting a safe and supportive environment in which employees feel able to raise concerns, Organisations can seek to ensure that they will become aware of any issues, and have an opportunity to put them right, before they have an adverse impact on the Organisation, employees, clients or others.

5.2 Key principles

Principle 4 of the Actuaries' Code sets out Members' obligations in relation to whistleblowing:

"4. Compliance: members will comply with all relevant legal, regulatory and professional requirements, take reasonable steps to ensure they are not placed in a position where they are unable to comply, and will challenge non-compliance by others.

4.1 Members will speak up to their clients or to their employers, or both, if they believe, or have reasonable cause to believe, that a course of action is unlawful, unethical or improper.

4.2 Members will fulfil any obligations to report information to relevant regulatory authorities.

4.3 Where there is legal protection available, members will report behaviour that they have reasonable cause to believe is unlawful, unethical or improper, to regulators or other relevant authorities. In the UK such protection includes: the Public Interest Disclosure Act 1998, sections 342 and 343 of the Financial Services and Markets Act 2000 and section 70 of the Pensions Act 2004.

4.4 Members will promptly report any matter for consideration under the Institute and Faculty of Actuaries' Disciplinary Scheme which appears to constitute misconduct or a material breach of any relevant legal, regulatory or professional requirements, including Actuarial Profession Standards and Technical Actuarial Standards issued by the Financial Reporting Council. To the extent that the consent of a third party is required for this purpose in order to disclose information, members must take all reasonable steps to obtain such consent."

Organisations should ensure that there is a clear procedure in place for employees to follow when raising concerns and that there is a good understanding of this among employees. It is good practice to take steps to help employees feel empowered and encouraged to raise concerns, with the expectation that any issues raised will be treated seriously, confidentially and fairly.

It is important that whistleblowing policies are embedded in the culture of the Organisation. In particular, Organisations should consider whether there are training needs that need to be addressed or whether an independent survey of employee attitudes to whistleblowing, undertaken from time to time, may assist with measuring the effectiveness of their procedures. Further guidance in relation to the requirements for Organisations, as set out in APS QA1, to maintain and apply appropriate policies and procedures in relation to whistleblowing can be found in the IFoA publication *Whistleblowing: A guide for employers of actuaries*¹⁰.

5.3 Designated Representatives

Designated Representatives who are Members of the IFoA have (as Members) obligations under the Actuaries' Code to raise and/or report concerns, as set out above. Non-members who belong to a panel of people who fulfil the Designated Representative role within an Organisation or on behalf of a group of Organisations are not under any such requirement by the IFoA to speak up. It is a matter for the individual to consider whether it is appropriate to raise any concerns relating to compliance with the requirements of APS QA1 internally within their Organisation.

APS QA1 does not place any additional obligations upon Designated Representatives to report information relating to Organisations' compliance with the terms of APS QA1 to the IFoA over and above those which already apply to them as Members.

¹⁰ <http://www.actuaries.org.uk/research-and-resources/documents/professional-regulation-executive-committee-2011-whistleblowing-g-2>

6. The handling of complaints and disputes about Members or Actuarial Work

6.1 Introduction

Regardless of how high standards of competence and care may be, some complaints are probably inevitable. In many cases, clear and timely communication can help to avoid complaints being made. When complaints are received, it is important that Organisations have processes in place which ensure that they are managed effectively in order to minimise the risk of further regulatory or legal action. In addition, effective complaints handling procedures will help to improve business practices, ensure client satisfaction and enhance the Organisation's reputation. These processes may be effectively supported by appropriate professional indemnity insurance cover, commensurate with the Organisation and its work, and with the size and nature of the risks faced by Users and the public.

APS QA1 requires that:

*"The **Organisation** must operate a set of procedures and policies which are capable of promoting **User** confidence that concerns about **Members** or **Actuarial Work** will be appropriately identified, addressed and, where possible, resolved."*

In order to achieve this objective, Organisations should:

- create a clear and appropriate mechanism by which complaints about Actuarial Work are considered and addressed;
- maintain and apply policies and procedures in relation to handling complaints about matters regarding Members or Actuarial Work;
- take clear and appropriate action to address any deficiencies or shortcomings that are identified in relation to its Actuarial Work.
- report promptly to the IFoA, and/or other relevant regulatory bodies, professional issues and concerns.
- seek to provide assurance to Users that appropriate safeguards are in place to protect their interests in the event of the Organisation's negligence, for example by maintaining Professional Indemnity Insurance cover to the extent appropriate to the nature of the Organisation and its Actuarial Work

6.2 Receiving complaints

Organisations should be open to receiving feedback and should resist viewing complaints as a personal attack on an individual or the business. Complaints procedures should be easily accessible and well publicised to ensure that potential complainants know how they can make a complaint. For example, details of how and with whom to raise a concern may be included in a letter of engagement, on the footer of correspondence or on the Organisation's website.

Employees should also have a good understanding of any complaints handling policies to ensure that matters of concern are escalated appropriately and efficiently.

Once received, complaints should be acknowledged within a reasonable time. The Organisation may also wish to inform their professional indemnity insurer about the complaint.

Organisations should ensure that they have properly understood the complaint and, if appropriate, should reiterate their understanding to the complainant.

6.3 Investigating complaints

It is important that complaints are investigated thoroughly, expeditiously and objectively. Organisations should therefore ensure that there is appropriate resource available for the handling of complaints. This will be heavily dependent on the size of the Organisation, the flexibility of resources and the volume and complexity of complaints.

A senior employee with appropriate experience and competence should be involved in the investigation of the complaint. Where possible, the investigator should not have been involved in the subject matter of the complaint.

The details of the client and/or any employees involved in the complaint should be handled sensitively.

6.4 Responding to complaints

Principle 5.1 of the Actuaries' Code states that "*Members will ensure that their communication, whether written or oral, is clear (indicating how any further explanation can be obtained) and timely, and that their method of communication is appropriate, having regard to;*

- (a) *the intended audience;*
- (b) *the purpose of the communication;*
- (c) *the significance of the communication to its intended audience; and*
- (d) *the capacity in which the member is acting".*

Effective communication can help to resolve complaints quickly and reassure the complainant that their concerns are being properly addressed. Correspondence should use clear and straightforward language and should be tailored to the individual complaint. Complainants should be kept advised of the progress of their complaint and be provided with an explanation if the matter is taking longer than anticipated to investigate or resolve.

The final response to the complainant should include the details of the complaint, an outline of the investigation and its findings and, if appropriate, an offer of remedy and how they can accept this. Remedies should be capable of meeting the complainant's needs, and where a remedy is offered, this should be provided promptly or an explanation provided if there is likely to be a delay.

Organisations should highlight any further avenues of appeal that may be available to the complainant if they are not satisfied with the outcome of the complaint. This may be through an internal appeals process, mediation, a regulator or an ombudsman service, such as the Financial Ombudsman Service or the Pensions Ombudsman.

If someone wishes to complain about the conduct of a Member, they may refer an allegation to the Disciplinary Investigation Team (complaints@actuaries.org.uk). Complainants should be made aware that the IFoA does not investigate allegations against Organisations and cannot award compensation.

Organisations should understand that Members have obligations under the Actuaries' Code to report any matter which appears to constitute misconduct or a material breach of any relevant legal, regulatory or professional requirements under the relevant disciplinary schemes. This

includes an obligation on a Member to self report where they are responsible for the breach. Organisations should support their employees in such circumstances. Organisations should also bring the matter to the attention of the relevant authority in the event that the Member fails to do so. Section 1.1.3 of APS QA1 requires Organisations to cooperate with any reasonable request for information and explanation from relevant regulatory bodies, including the IFoA and the Financial Reporting Council.

6.5 Learning from complaints

The investigation of complaints can be used as a vital tool in identifying deficiencies or shortcomings in relation to the Organisation's practices. Organisations should review the nature and type of complaints to ascertain whether policies or procedures need to be amended or whether there are any training and development needs that should be addressed. It is also good practice to maintain a record of complaints received and to retain this for a period of time, for example, at least six years.

6.6 Professional indemnity insurance (PII)

PII is insurance that covers civil liability claims arising from the work undertaken by professionals, including actuaries. These claims most commonly involve allegations of professional negligence.

PII increases Organisations' and individual Members' financial security and serves an important public interest function by covering civil liability claims, including certain defence costs and civil awards (damages) made against an Organisation or individual arising from professional negligence claims. It should be noted that insurance is not available to cover the cost of monetary fines or sanctions imposed upon an Organisation by relevant criminal or regulatory authorities. It can, however, provide for the potentially significant costs involved in defending such proceedings.

PII additionally and critically provides assurance to the public that it should not suffer loss arising from professional negligence, for which compensation might not otherwise be available. This in turn helps to reinforce public confidence in Actuarial Work and the profession as a whole.

For these reasons, where not already in place, Organisations may wish to consider taking out PII cover. Where Organisations choose to obtain PII, the level of that cover should be proportionate to the Organisation's circumstances, having regard to the size of the Organisation, the nature of its Actuarial Work and the extent of its exposure to risk. Organisations should regularly review their level of cover to ensure that it continues to be appropriate.

PII is available from a number of insurance providers. Clearly, it is important to identify a reputable provider, or providers.

An Organisation which has the benefit of PII may wish to consider disclosing reasonable details of its cover where required or otherwise when reasonably requested to do so by Users, or prospective Users.

7. Contact us

7.1 Other sources of guidance

The IFoA offers a confidential Professional Support Service¹¹ to assist Members with professional and ethical matters. Queries from Organisations in respect of their obligations under APS QA1 should be raised with the IFoA's Professional Regulation Team, whose address is below.

7.2 Do you have any comments?

The content of this guide will be kept under review and for that reason we would be pleased to receive any comments you may wish to offer on it. Any comments should be directed to:

Professional Regulation Team
The Institute and Faculty of Actuaries
Maclaurin House
18 Dublin Street
Edinburgh
EH1 3PP

or gas@actuaries.org.uk

¹¹ <http://www.actuaries.org.uk/regulation/pages/professional-support-service-0>