

Comments received by email during and after GIRO 2010 Plenary B debate 13 October 2010

The New Professional Standards Landscape – Have your say

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- 1) If standards are important then so are the responsibilities of those creating them. Every sentence in every standard is a potential noose around our neck, legally, commercially and from a value-added, innovation perspective. The standard-setters seem to have lost sight of this responsibility, hanging us in areas they have no business setting standards for.
- 2) An *anonymous* actuary working for a large European group writes: the existence of principles-based professional standards makes it easier to do the right thing, because we can point to the standards when asked to do things by group that we're not comfortable with or which don't add value.
- 3) Agree with the comment of standard setters not setting requirements where they have no expertise or understanding. At the same time, how should people who feel they know better get involved? Surely the profession welcomes contributions from those who wish to contribute positively.
- 4) Well done to the actuaries for taking on S2 head on!

Work for them and me for the next minimum of 10years....

- 5) I believe one of the most important aspects of standards is to protect actuaries in this increasingly litigious world. As such, they need to be flexible, easy to comply with and robust under the scrutiny of a Court.
- 6) The existence of standards are as likely to provide a route for lawyers to sue actuaries as they are to offer protection against being sued.
- 7) If standards are properly set, they should not impinge on most actuaries most of the time because they will be complying with them anyway (assuming that most actuaries are doing a proper job).

If standards are properly set, they will not be a burden because they will not require work that is unnecessary.

If technical standards are properly set, it would not be appropriate for an employer to ask for an actuary to depart from them, because that would be tantamount to asking the actuary not to do a proper job.

If standards are properly set, they would allow the actuary to use shortcuts or approximations where these are necessary because of time or resource constraints, providing the client understands the need and the implications. (In this statement, client

should be interpreted broadly as any person who can reasonably be expected to rely on the results.)

8) Actuaries need standards but:

- there are different types of actuary performing different functions and they need different specific standards. Generic standards will inevitably be biased towards Life/Pensions and to established/historic practice
- in GI, there is typically absolutely no reason why an individual needs to be an actuary to perform many of the key roles. The Institute just don't seem to get this point. Adding to standards (aka compliance burden and cost) will disadvantage actuaries. Talk about the actuarial brand is hogwash.
- there are only 2 types of actuarial work. These are "compliance-led" (including capital modelling, reserving, and in which category all reserved roles and almost all Life/Pensions work reside) and "value-added" (including e.g. Leading edge GI pricing). Standards-setting will inevitably be driven by the former and so will damage and constrain the latter. There is a reason why the rate methods survey shows the UK as a leader in sophistication - it is called CAS standards preventing actuaries setting rates unrelated to underlying risk differentials.