

The Actuarial Profession
making financial sense of the future

Momentum conference 2010



Update on Professional Standards
Presentation by Sir Philip Mawer

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Why be a member of the Actuarial Profession?

- Technical skills, but crucially
- A member of a regulated profession.
- This assurance of standards and quality is an actuary's USP.

Overview

- The regulatory context
- The Profession's approach
- Our current and future agenda
- Happy to answer questions at the end.

The Regulatory Context

- Is complex – POB, BAS, the FSA, tPR, PPF, Lloyds.
- Is constantly changing: institutional changes and changes in styles of regulation.
- A constant consideration is the need to balance the public interest in effective regulation with proportionate regulation.

The “public interest imperative”

- Rising importance over recent decade.
- FRC focus (both BAS and POB).
- POB’s focus on the “working environment”, and
- Core to being a profession and a professional.

Implications for self-regulation

- Trust in the body and its members is fundamental.
- To earn that trust our regulation must have the public interest at the fore at all times.
- The sufficiency of our regulation should be viewed from the perspective of our stakeholders, not our members.

Actuarial Quality Framework – set by POB

- Reliability and usefulness of actuarial methods.
- Communication of actuarial information and advice.
- Technical skills of actuaries.
- Ethics and professionalism of actuaries.
- Working Environment for actuaries.
- Other factors outside the control of actuaries.
- The Profession tests its regulation against these indicators.

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Our response - PREC's approach

- Principles rather than rules-based.
- Actuaries are grown up; professional judgement is to be valued.
- Better regulation principles – clear, targeted, proportionate, etc..
- We will engage with all our stakeholders, and
- We will develop mutual respect, especially with our regulators.

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Principles-based guidance

- Does not imply an absence of rules.
- Exercising of judgement – key to being professional.
- Recent criticisms of principles-based guidance tend to relate to policing and enforcing, rather than the concept itself.

Regulation by the Profession

- Lighter touch.
- Less costly.
- More focussed on the issues from an actuarial perspective.
- Better for the member, firm and the public interest.

3 Pillars of a profession

- Entry standards,
- Codes, complaints and discipline, and
- CPD and practical support for ethical behaviour.

All three support the over-arching values embedded in the culture of a profession.

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PREC Current Work Programme

- Actuaries' Code and its implementation.
- Working with PECs re BAS TASs and transition.
- CPD – phased implementation.
- Review of Practising Certificates regime.
- Begun work on:
 - Quality Assurance – regulation through firms
 - Conflicts of Interest
 - Whistle-blowing

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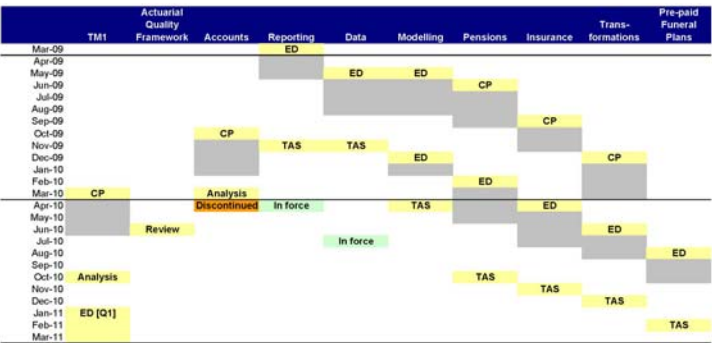
Board for Actuarial Standards (BAS)

- Transition to new TAS regime
- Helping BAS to get the TASs right
- Ensuring they are known and understood
- Checking compliance – GN48 and peer review.

Board for Actuarial Standards (BAS) cont'd

BAS implementation timetable including draft plan for 2010/11

Annex F



November 2010

CPD Scheme

- All members of the profession represent the profession.
- Actuaries should be committed in the public interest to keeping their skills and knowledge up to date.
- CPD can help achieve this, as long as it is appropriate to the individual – individual is best placed to judge their own needs.
- Inclusion of private reading within the verifiable element reflects different learning styles of individuals – private reading can be a productive route to learning.
- Investigating moving from an inputs based CPD towards an outcome based Scheme.
- Executive Sanctions

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Planned Programme

Also includes:

- Review of Professionalism training and courses.
- Skill sets for Actuaries and CPD (phase 2).
- Review of Membership Rules.
- Interpretation Service.
- International regulatory issues.

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International Regulatory Issues

- Full and Partial Regulation
- Overseas Standards
- MRA Review
- International CPD Accreditation
- Overseas CPD

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Professional Quality Assurance

- POB's focus on the "working environment".
- Shared interest in enhancing the actuarial product.
- Work together: increase benefit and reduce "drag".

Could AP and employers, working together, create -

- A Quality Assurance regime for the Profession?

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What might we include?

- Best practice methodologies.
- Accreditation of training and CPD programmes.
- Enhanced peer review.
- A defined role for the Senior Actuary.
- Ongoing involvement of firms in policy development.
- Recognition of firms.
- But focus would still be on regulating individuals.

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Conclusion

- A fast-changing and exciting time.
- AP's reputation has survived the "credit crunch" relatively intact.
- But we can't relax.
- Our aim is to ensure you can continue to be proud of your profession and that the public can continue to be confident in trusting you.

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**Your questions and
your views**

