



Institute  
and Faculty  
of Actuaries

# IFoA Professional Regulation Update

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# What does it mean to be a professional?

- ❖ Expectations of public, clients, peers
- ❖ Technical professionalism
- ❖ Meeting ethical standards



# How the IFoA's regulatory measures can promote quality work

- ❖ Positive regulation that promotes good practices and professionalism
- ❖ Aims to help members to produce good quality actuarial work
- ❖ Provides assistance with difficult ethical issues faced by members

# IFoA's international regulatory approach

- ❖ IFoA's 5 year Strategy:

*"To take a proportionate approach to member regulation overseas and rely on members meeting the necessary local requirements in their own country" June 2011*

- ❖ The Equivalence Principle:

*"the [IFoA] will aim to achieve equivalence of regulatory outcome in relation to all of its members, whether working in the UK or overseas. The emphasis is on equivalence of outcome, recognising that this may require some variation in approach (in order to achieve the same regulatory effect)". Regulatory Strategy, September 2012.*

- ❖ IFoA seeks to strike a balance between consistency of standards expected across all members and respecting local rules.

- ❖ Working on professionalism materials tailored to an international audience.

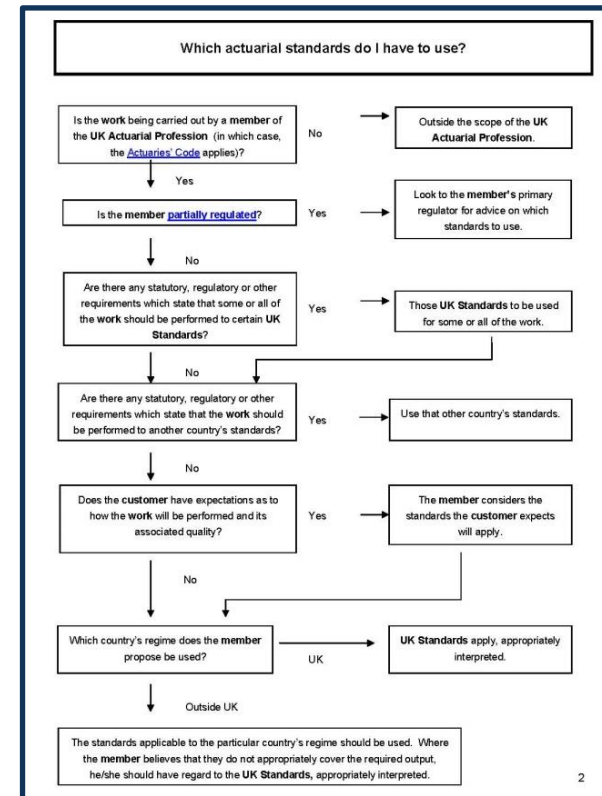


# Regulatory measures applying to international members

- ❖ Actuaries' Code applies to all Members
- ❖ Any relevant Actuarial Profession Standards (APSs)
- ❖ Any relevant Guidance documents and communications

# Standards Decision Tree

- ❖ Guidance known as the 'Standards Decision Tree'
- ❖ Assists Members outside of the UK with determining which standards to apply
- ❖ Will be replaced by mandatory APS X1



# APS X1: Applying Standards

- ❖ Proposed new APS to provide some principles for Members in determining the most appropriate standards to apply
- ❖ Recognises local standards and provides flexibility for Members in determining the appropriate combination of standards to apply
- ❖ Gives particular recognition to standards issued by other Full Member Associations of the International Actuarial Society (IAA)
- ❖ Introduces the underpin (for all members) of the IAA's model standard ISAP 1
- ❖ Should be of particular help for those outside of the UK and those involved in cross-border, geographically complex work
- ❖ Expect to publish the final APS X1 in 2016



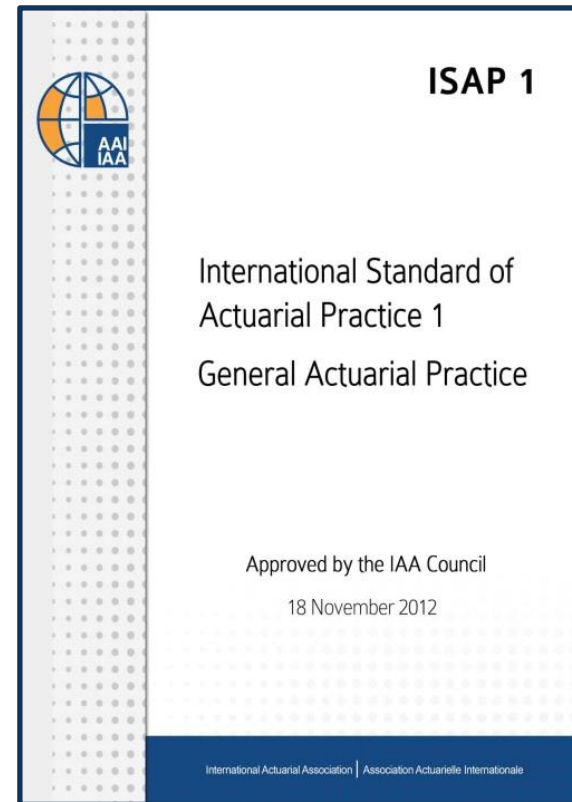
# Partially regulated members

- ❖ Partial Regulation status available to Fellows and Associates who:
  - are fully regulated Members at same level of another IAA full Member Association (their 'Primary Regulator')
  - are not resident in the UK or carrying out UK work
- ❖ Entitled to a reduced rate subscription, can comply with their primary regulator's CPD Scheme and there are certain special arrangements in relation to disciplinary proceedings
- ❖ Partially regulated members still need to apply the Actuaries' Code and any relevant APSs



# Development of International model standards

- ❖ Effort by the international actuarial community consistency in terms of standards
- ❖ Range of ethical and technical model standards produced by the IAA
- ❖ Key one is called International Standard of Actuarial Practice (ISAP 1)
- ❖ Aim is for all Full Member Associations to be substantially consistent with or adopt it



# Actuaries' Code

- ❖ Five Principles
- ❖ Review scheduled for end of 2015



# APS X2: Review of Actuarial Work

- ❖ A global first
- ❖ Cross Practice Standard imposing requirement in relation to review of Actuarial Work
- ❖ No geographic restriction on scope – applies everywhere and to all work
- ❖ In force from 1 July 2015
- ❖ Principles-based – relies upon professional judgement of Members

# The requirements

## Para 1.1 APS X2

- ❖ Must consider whether to apply *Work Review to Actuarial Work* for which they are responsible
- ❖ Should, *to the extent appropriate and proportionate*, ensure that Work Review is applied

## Para 1.2 APS X2

- ❖ Must give *particular consideration* to whether it would be appropriate and proportionate to apply *Independent Peer Review*

# Actuarial Work

## APS X2

- ❖ “Work undertaken by a Member in their capacity as a person with actuarial skills on which the intended recipient of that work is entitled to rely. This may include carrying out calculations, modelling or the rendering of advice, recommendations, findings, or opinions.”



# Work Review and Independent Peer Review

## Work Review

- ❖ Consideration of work by another individual or individuals
- ❖ A broad definition involving a spectrum of different forms of review
- ❖ Independent Peer Review
- ❖ A sub-set of Work Review with specific requirements for the reviewer(s) to be independent and a peer
- ❖ Independent = not otherwise involved in the work in question
- ❖ Peer = would have had the experience and expertise to take responsibility for the work themselves



# The key requirements broken down

## **Requirements to ‘consider’ applying Work Review**

- ❖ Members will need to exercise professional judgment to determine what (if any) review process is to be applied
- ❖ Will be objectively tested
- ❖ List of factors that may be relevant to that exercise of judgement

## **Must consider, in particular, Independent Peer Review**

- ❖ More likely to be proportionate and appropriate for more significant, complex work and/or where a large degree of judgement requirement

**Should apply that review to the extent ‘appropriate’ and ‘proportionate’**

# Other requirements of APS X2

- ❖ Review must be applied at a time where it is capable of influencing conclusions and outputs – Para 2.3 APS X2
- ❖ Requirements to take certain reasonable steps in relation to individuals involved in the review process
- ❖ Members must ensure they are in a position to justify the approach they have taken – Para 1.4 APS X2
  - Not prescriptive
  - Good practice might involve making a note of certain decisions



# IFoA's Standards Framework Review

## ❖ Aim

- *“conclude a holistic review of our Standards Framework as it applies to members internationally and set out proposals, including consideration of its application to the new membership category of Certified Actuarial Analyst and Cross Practice Standard imposing requirement in relation to review of Actuarial Work” IFoA Corporate Plan 2015-2016*

## ❖ Review of the framework of our standards and guidance to ensure it is:

- Working and serving the public interest
- Proportionate and fit for purpose

## ❖ Particular look at how it works for our international members

## ❖ Consultation expected later in 2015

**ANY  
QUESTIONS?**

