

The Actuarial Profession
making financial sense of the future

The Profession 2005 and Beyond


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Annual Pensions Convention 2005

Agenda

- ❖ Implementing Morris
- ❖ Future Strategy for the Profession
- ❖ Pension Reform
- ❖ Conclusions




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Morris Review

Work in Progress

- ❖ Standard setting
- ❖ Compliance monitoring / peer review
- ❖ Revalidation of competence
- ❖ New discipline procedure (completed)
- ❖ New education syllabus (completed)



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Regulating the Profession

- ❖ Self regulation ✗
- ❖ Statutory regulation ✗
- ❖ Independent oversight ✓

“The central recommendation of the review is that regulation of the actuarial profession should be subject to independent oversight by the FRC.”

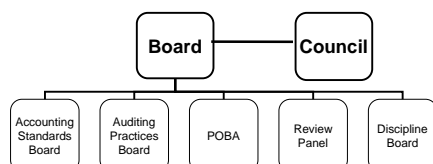
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Role of the FRC

- ❖ Create a Board for Actuarial Standards (“BAS”)
- ❖ Extend the remit of POBA to oversee profession’s role in:
 - ❖ Setting ethical standards
 - ❖ Running exams and CPD
 - ❖ Monitoring compliance with standards
 - ❖ Administering discipline procedures

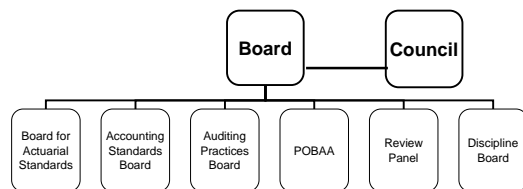
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FRC Structure – Before



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FRC Structure – After



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Public Interest and Accountability

- ❖ To protect the public interest, actuaries have duties:
 - ❖ To whistleblow and report to regulators in specific circumstances
 - ❖ To comply with professional standards: both ethical and technical

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Public Interest and Accountability

- ❖ FSA, TPR and Profession to issue clear guidance on whistleblowing:
 - ❖ Circumstances
 - ❖ Permitted
 - ❖ Required
 - ❖ Matters which regulators regard as significant
 - ❖ Safeguards
 - ❖ Sanctions

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Role of the Profession

- ❖ Input and membership of actuarial bodies within FRC structure
- ❖ Continue to set:
 - ❖ Ethical standards
 - ❖ Education syllabus
 - ❖ Disciplinary mechanism for non compliance
- ❖ Forum for discussion
- ❖ Promote the actuarial profession

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The Profession's Response

- ❖ Implementation : some "quick wins"
 - ❖ CPD Scheme
 - ❖ Education strategy
- ❖ Working with HMT/FRC : key issues
 - ❖ Representation
 - ❖ Funding
- ❖ Review strategy

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The Future of the Profession

- ❖ Profession "at a crossroads"
- ❖ Redefining our role and structures
- ❖ Where do we want the profession to be in five years' time?
- ❖ What do we need to do, in order to get there?

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Where Do We Want To Be?

- ❖ Restoring trust and confidence
 - ❖ Highest ethical behaviour
- ❖ "Adding value"
 - ❖ By actuaries for business
 - ❖ By the Profession for its members
- ❖ Increasing market share of talent
- ❖ International context

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Reform of UK Pensions System

- ❖ Turner Commission
- ❖ Ageing population
- ❖ Reform of State pension
- ❖ Barriers to saving

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Reform of UK Pensions System

- ❖ Work based pensions
- ❖ Compulsion
- ❖ Product design and annuities

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Conclusions

- ❖ Morris review successfully completed
- ❖ Much work to do on implementing recommendations
- ❖ Future of the Profession is bright ...
- ❖ ... but full of challenges

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Actuaries are:

“Dedicated, skilled professionals providing important and useful advice, with commitment, integrity and a strong sense of duty.”

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