



Regulation Board

28 February 2020, Time: 10:00 – 14:30

Holborn Gate, London

Attending:	Neil Buckley, lay member and Chair (NB) Frank Devlin (actuary member) (FD) Jerome Kirk (actuary member) (JK) Marcia Cantor-Grable (lay member) (MCG) Melanie Puri (actuary member) (MP) Mark Stocker (actuary member) (MS) Nicola Bevan (lay member) (NBev) Ben Kemp (General Counsel, IFoA) (BK) Edwin Sheaf (actuary member) (ES) Shane O'Dea (actuary member) (SOD) Matt Saker (actuary member) (MSa)	Apologies:	Andy Rear (actuary member) (AR)
Executive Staff:	Emma Gilpin, Head of Regulatory Policy Elena McLachlan, Secretary to Board Leisha Watson, Regulatory Lawyer Judith Joy, Regulatory Lawyer (for items 1 to 9) Gina Thomas, General Counsel Coordinator (note taking)		
Invitees:	Helen Nicholas, member of Pensions Review Working Party (for item 9)		

Item	Title
1.	Welcome / apologies
1.1	NB welcomed everyone to the meeting. Tan Suee Chieh, the IFoA's President-elect, was due to attend as an observer but was no longer visiting the UK due to ongoing travel restrictions relating to COVID-19. He would instead observe at the Board's strategy day in October. Apologies were noted from AR. MSa indicated he was able join for part of the meeting only.
2.	Declaration of Conflicts of Interest
2.1	FD noted that in relation to item 10, his wife was an actuarial student which might potentially be a conflict. It was agreed that this should not prevent him from speaking on this item. No other conflicts were declared.
3.	Minutes and Actions
3.1	The Minutes of the meeting of the Board's meeting on 11 December 2019 were approved.

Item	Title
	<p data-bbox="293 277 628 300">3.2 The actions were noted.</p> <p data-bbox="368 349 1469 450">It was noted that the action note contained an error in that it suggested a scheme of delegation would be presented for approval at the meeting. The draft scheme of delegation was still being developed and would be shared with the Board at a later date.</p>
4.	<p data-bbox="293 488 571 510">Note from the Chairman</p> <p data-bbox="293 573 922 595">4.1 The Chair's summary of recent activities was noted.</p> <p data-bbox="368 645 1469 745">There was little in the way of an update in relation to the review of arrangements for UK actuarial regulation, following the Kingman report. The IFoA continued to monitor the situation closely. It was understood that BEIS was aiming to publish the consultation in spring.</p>
5.	<p data-bbox="293 819 571 842">Note from the Executive</p>
	<p data-bbox="293 909 1469 965">5.1 The Board was invited to comment on the update on the recent work of the IFoA Executive Team, as summarised in paper 4.</p> <p data-bbox="368 1021 1469 1077">It was noted that people were engaging well with the CPD consultation and that over 150 responses had been received so far. The initial feedback on the proposals appeared to be largely positive.</p> <p data-bbox="368 1133 1469 1335">An update was provided on the Actuarial Monitoring Scheme's (AMS) Thematic Review Programme. The Review Team was now in place and the first review on the topic of pensions had commenced. It was noted that the Review Team included specialists in general insurance and pensions however this did not mean that future thematic reviews would be limited to these practice areas. Consultants with specialisms in other areas could be instructed to assist with future reviews if necessary and the team also had access to practitioner input via the Practice Boards of the IFoA.</p> <p data-bbox="368 1391 1469 1671">The Board discussed the scope of the first review and whether the work of the Review Team might raise broader questions the Board might want to consider, for example in relation to the surplus made by pension schemes as a result of their members exercising transfer options. It was agreed that the scope of the review was intentionally quite narrow and focused on the quality of actuarial work, however if the review team identified any broader policy issues of public interest during the course of their review then these ought to be fed back to the Board. It was also expected that the Practice Boards would flag issues to the Board which could then be included in the horizon scanning register and potentially form the basis of future deep dives.</p>
6.	<p data-bbox="293 1751 839 1774">Proposals for the Professional Support Service</p>

Item	Title
6.1	<p>The Executive introduced proposals for improvements to the support services offered to Members by the IFoA.</p> <p>* redaction due to confidential discussion*</p> <p>The Board agreed that this was an area where the IFoA could be of real use to Members and that the Executive should carry out some further work to explore the different options.</p> <p>There was also a need to define more clearly what was being offered so Members would know exactly what to expect in terms of the service being provided.</p> <p>* redaction due to confidential discussion*</p> <p>Decision:</p> <p>The Board approved the high-level proposals for a revised PSS and agreed that the Executive could proceed to carry out further work to develop the details of the proposal, * redaction due to confidential discussion*</p> <p>Action:</p> <p>Executive to carry out further work on the detail and report back to the Board.</p>

Item	Title
	Articulation of international regulation
7.1	<p>The Board agreed the need to adopt an international regulatory strategy that was consistent with Council's objectives of member value and global influence. There were a number of potential approaches the Board could take and It was important the Board was being clear about what it was taking responsibility for.</p> <p><i>* redaction due to confidential discussion*</i></p> <p>Decision:</p> <p><i>* redaction due to confidential discussion*</i></p>
8.	Regulatory risk deep dive
8.1	<p>Helen Nicholas (HN) was welcomed to the meeting and gave a summary of the work of the Pensions Review Working Party (PRWP) which was looking at whether transfer values were at the right level.</p> <p>HN said the PRWP had engaged with actuaries and regulators and had conducted surveys. Its conclusion was that there appeared to be little appetite for wholesale change in approach to transfer values. It did however identify two specific areas where further consideration from the IFoA might be appropriate. Those were:</p> <ul style="list-style-type: none"> i) Legislative uncertainty about whether commutation was allowed for in transfer values; and ii) Legislative uncertainty about whether you could allow for investment de-risking within transfer value discount rates. <p>It was agreed that the purpose of the Board's deep dive was to look at the transfer process as a whole and determine if there were any risks to the public interest, as relevant to the work of actuaries.</p> <p><i>* redaction due to confidential discussion*</i></p> <p>It was agreed that the Executive should check what colleagues in the policy team were doing in this space. It was noted that the issue was aligned with the President's thought leadership theme for the year - The Great Risk Transfer.</p> <p>The Board discussed the format of future deep dives. There were mixed views as to the desired level of technical background information required to help inform the Board's discussions. It was suggested that as well as subject matter experts it might also be beneficial to involve other individuals in future discussions, for example representatives from co regulators, to help focus the discussion on issues of public interest.</p> <p>Decision:</p> <p>The Board agreed that the IFoA's policy team and PRWP should be consulted about developing a policy paper <i>* redaction due to confidential discussion*</i></p> <p>Action:</p> <p>Executive to produce a policy paper (with input from the PRWP).</p>

Item	Title
9.	Review of Standards Approval Process
9.1	<p>The Board considered paper 7 which set out proposals for a revised Standards Approval Process (SAP) and the introduction of a policy document providing information for members, users of actuarial services and the wider public about standard setting at the IFoA.</p> <p><i>* redaction due to confidential discussion*</i></p> <p>It was noted that Alan Watson, former Chair of the SRC, had very recently passed away. The Board expressed its sadness at the news and asked that condolences be passed on to Alan's family.</p> <p>Decision:</p> <p><i>* redaction due to confidential discussion*</i></p> <p>Action:</p> <p><i>* redaction due to confidential discussion*</i></p>
10.	Eligibility Criteria for Professional Skills Courses
10.1	<p>The Board considered paper 9 which was seeking approval of proposed changes to the eligibility criteria for the IFoA's Professional Skills Course in light of the planned introduction of the revised Stage 1 and Stage 2 courses. Members were required to take the Stage 1 course before they could sit any exams with the IFoA.</p> <p>It was suggested that there ought to be a firm deadline, for example 12 months, for new Members to complete the Stage 1 course and that Members ought to be able to register for exams without necessarily having completed it. It was agreed that views should be sought from the Lifelong Learning Board (LLB) on this point.</p> <p>One Board member suggested it could be made compulsory for individuals to pass these courses before being accepted into the IFoA. The Board agreed however that this might deter people from joining and the IFoA would not want to be seen to be putting unnecessary obstacles in place.</p> <p>It was noted that the criteria had been tested with education colleagues and the IFoA's online learning team. Once the Board's approval had been obtained the proposals would then be shared with the LLB for comment. The intention was that in future there would be a cost associated with taking these course, much like for the exams offered by the IFoA.</p> <p>Decision:</p> <p>The Board approved the proposed changes to the eligibility criteria for the IFoA's Professional Skills Course subject to further discussion with the LLB about whether a deadline should be imposed in relation to the revised Stage 1 course.</p> <p>Action:</p> <p>Executive to speak to the LLB about the possibility of introducing a deadline for the revised Stage 1 course.</p>

Item	Title
11.	Conflicts of Interest
	<p data-bbox="300 360 1489 465">11.1 The Board considered paper 10 which was seeking a decision from the Board about whether to retain or withdraw existing guidance on conflicts of interest for employers of actuaries and pension scheme trustees. The paper set out a number of considerations relevant to the Board's decision.</p> <p data-bbox="376 501 922 528"><i>* redaction due to confidential discussion*</i></p> <p data-bbox="376 577 488 604">Decision:</p> <p data-bbox="376 640 922 667"><i>* redaction due to confidential discussion*</i></p> <p data-bbox="376 716 464 743">Action:</p> <p data-bbox="376 779 922 806"><i>* redaction due to confidential discussion*</i></p>
12.	Standing Items
	<p data-bbox="300 969 683 996">12.1 Horizon Scanning Register</p> <p data-bbox="368 1046 1493 1151">It was explained that the horizon scanning register (the register) was still in development. The Practice Boards of the IFoA had been asked to provide input and the information provided so far was being considered and refined. Some Practice Boards had not yet responded.</p> <p data-bbox="368 1193 1493 1261">It was suggested that a full discussion on the topics identified should take place at the Board's July meeting.</p> <p data-bbox="368 1305 1493 1411">Some suggestions were made in relation to the topics already included in the register, as well as suggestions for topics that had not yet been identified. It was agreed that efforts should be made to ensure consistency in how the topics were presented.</p> <p data-bbox="368 1456 663 1482">Forward Agenda for 2020</p> <p data-bbox="368 1527 898 1554">Suggestions for the forward agenda were invited.</p> <p data-bbox="368 1599 1493 1704">The Board discussed potential topics for its next deep dive. Suggestions included equity release mortgages and loyalty penalties. It was agreed the next deep dive should focus on loyalty penalties and that someone from the FCA or CMA should be invited to attend to help inform the Board's discussion.</p>
	<p data-bbox="300 1778 638 1805">11.2 Board members tenure</p> <p data-bbox="368 1850 1493 1991">It was noted that the terms of JK, AR and MS were due to expire in June which meant that May would be their last Board meeting. Recruitment of new members would take place once Management Board had made a decision on any compositional changes to the Board. Proposals were due to be presented to Management Board in April.</p>

Item	Title
12.	AOB
12.1	<p>One Board member questioned why GN27 was still in existence and whether it could be withdrawn.</p> <p>It was confirmed that the Executive had looked at this a couple of years ago and had determined there was still a need for the guidance note.</p> <p>It was agreed the Executive would share the note previously prepared in relation to GN27 which set out the reasoning for retaining it.</p> <p>Action:</p> <p>Executive to share note setting out reasoning for retaining GN27.</p>
13.	Dates of future meetings 2020
20.1	<p>Thursday 14 May, London (10:00-14:30)</p> <p>Wednesday 1 July, London (10:00-14:30)</p> <p>Thursday 1 October (Strategy Day), Edinburgh (10:00-14:30)</p> <p>Tuesday 17 November, London (10:00-14:30)</p>