



Regulatory Board

5 July 2022, 10:00 – 13:30

Via VC

Attending:	Neil Buckley, Chair Sue Lewis Helen Brown Mitesh Soni Edwin Sheaf Melanie Puri Simon Martin David Broadbent Matt Saker Nicola Williams	Apologies:	Mike Smedley Ben Kemp Stephanie Snowden
Executive Staff:	Emma Gilpin Leisha Watson (Secretary to the Board) Gina Thomas (note taking) Karen Brocklesby (for item 6) Elena McLachlan (for item 7.2) Alex Theophilus (for items 7.2, 9 and 12) Sarah Borthwick (for item 8) Katie Wood (for item 11)		
Guests:	Kevin Wenzel, GI Board member (for item 12)		

Item	Title
1.	Welcome and Apologies
1.1	Apologies were noted from BK and MSm. The Chair noted this is the last Board meeting for Matt Saker and expressed his gratitude for Matt's dedication and commitment to the Board over his tenure.
2.	Declaration of Conflicts of Interest
2.1	No conflicts of interest were declared.
3.	Minutes and Actions
3.1	The minutes of the Board meeting held on 26 April 2022 were approved with no comments.
3.2	The Board noted the actions list and discussed ongoing action 232 which the Chair is continuing to try and progress with the FRC.
4.	Update from the Chair
4.1	The Board noted paper 4 from the Chair. The role of JFAR was discussed, including the representatives from the co-regulators who attend JFAR meetings. The Chair noted that the purpose of recent meetings have been to gather information and the FRC will be reviewing the role of JFAR. It was agreed that the Chair, alongside



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	<p>MS in his role as President of the IFoA, will seek meetings to discuss the role of JFAR individually with each of the co-regulators, as well as seeking their views on the current regulatory landscape.</p> <p>Action:</p> <ul style="list-style-type: none"> • Chair and President to arrange meetings with JFAR co-regulators to discuss the role of JFAR, as well as the current regulatory landscape.
5.	Update from the Executive
5.1	<p>The Board noted paper 5.</p> <p>The Board discussed the update around actuarial involvement in Part VII transfers and matters raised by the PRA/FCA. It was noted that this is an already a heavily regulated area of work. It was suggested that the Chair write to the PRA to confirm directly with them whether they are content that issues raised are now resolved and whether any further IFoA action is appropriate.</p> <p>Action:</p> <ul style="list-style-type: none"> • The Chair to write to the PRA to confirm if any further IFoA action required in relation to the involvement of actuaries in Part VII transfers.
6.	Learning Change Programme Board
6.1	<p>KB introduced paper 6 for noting. The Board's discussion included the following:</p> <ul style="list-style-type: none"> - The way in which exam exemption levels adhere to IFoA standards and how this is monitored. The issues referred to in the paper are now resolved and the Executive explained there is an escalation process in place when necessary, which includes involvement from the Board of Examiners (BoE) as well as seeking approval from Management Board (MB). External training for independent examiners has also taken place; - Resourcing issues at Executive level and the way in which the Executive prioritise different work streams. Resource issues extend to finding examiners, markers and subject matter specialists for areas such as data science, machine learning and pensions; and - The potential for extending qualifications around data science to non-members in the future. <p>The Board thanked the Executive for this report and look forward to further updates.</p>
7.	Proposals for new PCs
7.1	[Redacted]
7.2	The Executive introduced paper 7 for approval, which includes a proposal for a new PC and revised APS P1 standard to introduce a PC for members appointed as a Scheme Actuary to a CDC Pension Scheme.



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	<p>The Boards discussion included the following:</p> <ul style="list-style-type: none"> - Any potential conflicts of interest with the development of the CDC Pensions PC and members who will be applying in future for this PC; and - The reasons for introducing a practice module for this PC, including as a way of encouraging uptake from members and creating a place where they can share their skills and competencies. <p>The Board approved the proposals to go out to consultation on a new CDC Scheme Actuary PC for members appointed as Scheme Actuary to a CDC Pension Scheme, including amendments to the PC Scheme to reflect the requirements for a new CDC Scheme Actuary PC and a revised APS P1.</p>
8.	Disciplinary Committee annual report
8.1	<p>The Executive introduced paper 9 and the Board noted the annual report from its Disciplinary Committee (DC). This is the first annual report from the DC since IFoA regulatory governance changes in June 2021.</p> <p>The Boards discussion included the following:</p> <ul style="list-style-type: none"> - The number of cases referred to the disciplinary team and whether there are any noticeable themes. This is being looked at by the new Chair of the DC and the Executive. - The role of members of the public raising complaints and the way in which we share and explain the process; - The ways in which DC members can be encouraged to attend more hearings; - How the DC considers complaints around the disciplinary process itself and against volunteer members to assist with the process; and - The difference in financial penalties in similar disciplinary cases. The Executive referred to the sanction guidance for tribunals which helps them in determining the level of sanction which depend on the circumstances of each case. <p>The Board thanked the DC Chair and the Committee for their annual report.</p>
9.	FRC Call for feedback on specific TASs
9.1	<p>The Board discussed and noted paper 9, which includes the IFoA's draft response to the FRC's call for feedback on specific Technical Actuarial Standards (TASs) 200, 300, 400 and ASORP 1. An early draft of the response was previously sent to the Board via email and the Executive reminded the Board of the upcoming deadline for responses of 8 July 2022.</p> <p>The Board's discussion included the following:</p> <ul style="list-style-type: none"> - of the tone and content of the draft response and whether it was sufficiently direct and reflected the IFoA's view that the TASs ought to apply only to public interest work defined within legislation;



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		<ul style="list-style-type: none"> - Whether the response ought to say that the TAS review should await further clarity about the scope of ARGAs role; <p>Action:</p> <ul style="list-style-type: none"> • The Executive to amend the specific TAS call for feedback IFoA response , taking into account the Boards comments, and share before the deadline on 8 July 2022.
10.	FRC TAS 100 Consultation	
	10.1	<p>The Executive introduced paper 10 for noting.</p> <p>The Executive advised the Board that the draft IFoA response to the TAS 100 consultation will be shared with them before being presented to the Council Strategy Steering Group in later July or August time. It is hoped early publication of the IFoA's response will be helpful for others responding to the consultation.</p> <p>The Board's discussion included the following:</p> <ul style="list-style-type: none"> - The language of the response and setting out the IFoA's expectations around who it should be circulated with within the FRC; - How 'actuarial work' is defined within TAS 100; - The issues around geographic scope of the TASs - If the examples of non-actuarial work tend to talk about the fringes of the profession whereas we should also provide examples of actuaries not in wider fields. <p>The Board noted the paper and look forward to receiving the draft response in due course.</p>
11.	QAS Committee annual report	
	11.1	<p>HB introduced the QAS Committee's annual report. The Board noted the report, and their discussion included the following:</p> <ul style="list-style-type: none"> - The background to NFU Mutual becoming a QAS accredited firm; - Any initial learnings from the QAS pilot around Diversity Equity and Inclusion (DEI). It is hoped that next year's QAS annual report will include qualitative feedback from the DEI assessment which is carried out by an external specialist reviewer. - Possible ways to encourage firms to join the QAS Scheme from the UK insurance market; and - If the Board could be provided with a breakdown of QAS firms using the QAS CPD Scheme as opposed to the IFoA CPD Scheme.



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	<p>Action:</p> <ul style="list-style-type: none"> - The Executive to share information around number of participants in the QAS CPD Scheme with the Board.
12.	Deep Dive: The impact of high inflation on GI reserving
12.1	<p>The Board welcomed Kevin Wenzel (KW), GI Board member, who introduced paper 12 to provide a deep dive to the Board on the impact of high inflation on general insurance reserving and the work of actuaries. This relates to a risk that actuaries will fail to adequately take this into account when carrying out general insurance reserving work a detailed in the Board's horizon scanning register.</p> <p>KW advised the Board that general insurance claims often must be paid out within one or two years as policies are often sold by providing a one-year cover. Policies therefore written over the last couple of years are expected to have significantly higher pay-outs than calculated at the time the policy was written. The GI Board recommend issuing a risk alert to members alerting them to this issue.</p> <p>The Boards discussion included the following:</p> <ul style="list-style-type: none"> - Whether the issue and impact of inflation impacting on pricing should already be a fundamental part of an actuarial work; - Whether the PRA could reiterate the issue around high inflation, noting that they had issued communications around under-reserving previously; - Given that inflation has not been this high in recent years, would a risk alert be of assistance to younger members of the profession ; - If this issue will lead to an increase on prices for products to compensate for the increased costs of reserving; - what the impact will be when inflation falls and how this impacts the overall risk; - Why this is particularly relevant to general insurance, given that high inflation also has an impact on life insurance, funeral plans and pensions. KW advised that this is more acute, relevant and commercially sensitive in the area of general insurance, which can have a significant impact on products and users; and - Other mechanisms to share this message with members, other than a risk alert. It was noted that the GI Board previously issued a communication to members on the website. <p>The Board agreed to issue a RA, taking into account the matters raised above, including being very clear why it is being issued and considering the impacts to other practice areas.</p> <p>Actions:</p>



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	<ul style="list-style-type: none"> The Executive to draft a Risk Alert on high inflation, taking into account input from the Practice Boards, and provide to the Board for approval.
13.	For noting only
13.1	Update on review of the regulatory and professional support for members The paper was noted.
13.3	Horizon scanning register The paper was noted.
13.3	Letters from FRC on actuarial regulation of climate change and sustainability The paper was noted.
14.	Standing items
14.1	Forward Agenda for 2022/23 The paper was noted.
14.2	Board Members tenure The paper was noted.
15.	AOB
15.1	<p>The Board discussed the recent correspondence on DEI and noted that the IFoA has published data on the composition and diversity of its key Boards and Committees, including this Board.</p> <p>The Board will be updated at its next meeting on the scope of regulatory work that is ongoing in relation to DEI.</p> <p>The Board discussed the JFAR 2022 Risk Perspective and implications this will have on the horizon scanning register. The Executive advised that the 2022 RP is expected to be published around late September/October.</p>
16.	Dates of Future Meetings
	27 September 2022 (Strategy Day) – in-person, Staple Inn Hall, High Holborn, London (1300-1700) 16 November 2022 - (1000-1330) Virtual 21 February 2023 - (1000-1330) Virtual 17 May 2023 - (1000-1330) Virtual 25 July 2023 - (1000-1330) Virtual 20 September 2023 (Strategy Day) – in-person (13:00-17:00) 21 November 2023 - (1000-1330) Virtual