



Institute  
and Faculty  
of Actuaries

# Annual Report

of the Regulation Board of  
the Institute and Faculty of Actuaries

Year to 29 February 2020

July 2020

## Contents

Chair's Report.....	1
1. Overview of the Board.....	2
2. Highlights of 2019/2020.....	3
3. Our plans for 2020/2021.....	8
4. How to contact the Board.....	9
Appendix 1: Regulation Board Terms of Reference.....	10
Appendix 2: Membership of the Board.....	13
Appendix 3: Refreshed Regulatory Policy Statement.....	15
Appendix 4: Structural composition of the Board.....	21
Appendix 5: List of Working Parties.....	22

## Chair's Report



I am pleased to present the first annual report of the Regulation Board (the Board) of the Institute and Faculty of Actuaries (IFoA).

I joined the Board as Lay Chair in July 2019, taking over from Desmond Hudson. I am very grateful to Des for his able stewardship of the Board over his six year term.

I took on the role of Lay Chair with a determination to ensure that the Board fulfils its remit of being a well led Board that transparently demonstrates how it fulfils its public interest remit. The Board has this year taken a number of steps in this regard including publishing not only its minutes but also the papers that support its decision making. This Annual Report and work plan is another aspect of transparent regulation.

One feature of the last year has been an element of uncertainty, including the Covid-19 crisis that has caused disruption to all our lives, requiring us to respond to exceptional circumstances, both personal and professional, and to adapt to new ways of working.

There is also prospective change in relation to the future regulation of actuaries. The recommendations of the independent review led by Sir John Kingman have raised as yet unanswered questions about the future of UK actuarial regulation. We await the public consultation on the proposals which we hope will be published at some point later this year.

Notwithstanding the obvious challenges, the past year has also been one of considerable activity and progress. Section 2 of this report summarises some of the highlights of the work of the Board over the past year, which includes:

- the publication of new and revised standards and guidance;

- the launch of the Actuarial Monitoring Scheme (AMS) and two reviews under the new Thematic Review Programme;
- a consultation on proposals for a new, more modern, outcomes-focussed CPD scheme;
- domestic and international growth of the QAS accreditation;
- improvements to the Board's governance arrangements, including measures to strengthen its accessibility and transparency; and
- continuing engagement with the FRC as the IFoA's oversight regulator.

There is also much for the Board to achieve in the year ahead. The key priorities identified by the Board are set out in section 3 of this report and include:

- the implementation of the new CPD Scheme;
- the conclusion of the first AMS thematic reviews;
- the implementation of a new and improved support service to help Members in compliance with their professional responsibilities;
- a review of the Practising Certificates regime and consultation on proposals for changes; and
- governance changes to increase lay input and reinforce the Board's independence.

I would like to thank the Board, its sub-boards and sub-committees and the IFoA Executive for all of their hard work over the past year, in what have been unprecedented circumstances. I look forward to continuing to work with them to achieve the Board's objectives over the coming year.

As always, the Board is keen to hear from both Members and the public, particularly users of actuarial services. If you would like to share any comments or have any questions for the Board then please contact the Secretary to the Board at [regulation@actuaries.org.uk](mailto:regulation@actuaries.org.uk).

**Neil Buckley**

**Lay Chair of the IFoA Regulation Board**

## 1. Overview of the Board

The Regulation Board (the Board) is responsible for delivery of the IFoA's regulatory function in line with its Royal Charter objective to regulate the actuarial profession in the public interest.

That regulatory function includes: setting professional standards and requirements (including the Actuaries' Code, continuous professional development (CPD) and Practising Certificates (PC) requirements), providing guidance and CPD content to support the public interest, and the IFoA's public interest monitoring functions.

The Board's Terms of Reference are included as **Appendix 1**.

The Board is one of five corporate boards at the IFoA with delegated powers from Council. The Board reports to Management Board on its activities and progress and to Council annually on strategic matters.

The Board currently comprises up to 13 Members and has a lay Chair. It includes lay people and a balanced representation of member volunteers from different practice areas. The IFoA's General Counsel is also a member. The Board's membership, including biographies of each member, can be found at **Appendix 2**.

The Board is supported by the IFoA Executive.

In 2016 the Board published its Refreshed Regulatory Policy Statement which summarises the IFoA's regulatory policy, updated in light of the IFoA's Strategy refresh in 2016. The Policy Statement can be found at **Appendix 3**.

The Board meets five times per year, including an annual strategy day. Details of upcoming meetings can be found on the Board's [webpage](#).

The Board has delegated oversight of certain regulatory functions to the following sub-boards and sub-committees which operate under clear terms of reference to help deliver the Board's objectives:

- The Professional Skills Sub-committee
- The Pensions Standards Sub-committee
- The Practising Certificates Committee
- The Quality Assurance Scheme (QAS) Sub-committee
- The Financial Reporting Group
- The Designated Professional Body (DPB) Board.

These Sub-Boards and Sub-committees report annually to the Board on their activities.

The Board is also supported by various working parties and other groups which help inform the Board's decision making.

A table showing the structural composition of the Board and its sub-boards and sub-committees is included as **Appendix 4**. A list of working parties current as at publication of this report is included as **Appendix 5**.

## 2. Highlights of 2019 / 2020

### Professional Standards

The Board has overseen a number of developments in the IFoA's professional standards framework over the past year, including:

The successful **implementation and roll-out of the new Actuaries' Code**.

The development of **new ethical Guidance on data science** for Members and other practitioners working in the field (published jointly with the Royal Statistical Society), providing examples of common challenges in the field and tips for Members on how to meet them.

A consultation on an updated and refreshed professional **standard on Compensation for Professional Shortcomings – APS X5** – to replace GN30, one of the IFoA's old style guidance notes. The new standard, and its accompanying guidance, sets out requirements for Members to ensure that Appropriate Arrangements are in place.

The implementation of a new **professional standard on Social Security Programmes** for Members carrying out work in the financial analysis of social security programmes outside of the UK Geographic Scope (APS X4).

The introduction of **updated guidance** on [conflicts of interest](#) and [speaking up](#).

Brand new **guidance for IFoA Members acting as Non-Executive Directors (NEDs)** containing practical hints and frequently asked questions.

The conclusion of the **post-implementation review** of APS X2: Review of Actuarial Work (APS X2), which found that overall, the standard is understood, and being utilised and implemented appropriately. A suite of new resource materials

(including case studies, vignettes, and a quiz) was introduced to help Members deepen their understanding of the requirements.

A new **Risk Alert** was issued on the disclosure of information relating to Models.

A **new policy document 'Standard setting at the IFoA'** was approved to replace the previous Standards Approval Process, which was out of date and no longer fit for purpose.

### CPD

The Board consulted on proposals for a new approach to Continuing Professional Development (CPD).

The new, outcomes-focussed scheme introduces one requirement for all Members and aims to be simpler and more modern, with a greater focus on supporting Members in their development through more meaningful CPD and lifelong learning.

A wider range of activities are included for CPD purposes under the new scheme and it also introduces reflective practice discussions as a mechanism by which Members can be supported in considering their learning objectives, development plans and the outcomes of their activities.

The new scheme was published on 18 June 2020 and will come into force on 1 September 2020.

In relation to the current CPD requirements, the Board received its annual report from the Executive on compliance for the 2017/2018 CPD year.

The report confirmed that:

- 10% of all Members in all 5 categories of CPD were audited for CPD compliance.
- 99% of audits were deemed successful, meaning that those Members selected were able to provide evidence, with or without assistance, to support the activities recorded in their online record.
- One Member was re-audited following unsuccessful or partial evidence and two Executive Referrals were made under the Disciplinary and Capacity for Membership Schemes for unsuccessful or partial submission of evidence.

The Board also received an update on compliance with CPD recording requirements for the 2018/19 CPD year.

The report confirmed that:

- Of those Members who had a requirement to record CPD<sup>1</sup>, 85 Members were deemed non-compliant with the 2018/2019 CPD Scheme and either defaulted or resigned; and
- Six Executive Referrals were made for consideration under the Disciplinary and Capacity for Membership Schemes for non-compliance with the 2018/19 CPD recording requirements.

## Practising Certificates

The Board continued to oversee the Practising Certificates (PC) regime applying to Members in certain public interest actuarial roles.

It received its annual report from the Practising Certificates Committee (PCC) summarising its work for 2018/19.<sup>2</sup>

The report confirmed that between 1 September 2018 and 31 August 2019:

- 62 new PCs were issued (of these, 8 were restricted PCs).
- 1,109 PCs were renewed (of these, 24 were restricted PCs).
- 11 applications for PCs were declined.

The Board also approved some minor changes and clarifications to the PC Scheme as part of the scheme annual review.

A substantive review of the PC regime was launched, and will take place during the course of 2020, focussing in particular on the overall approach to eligibility for PCs and the appropriate basis for determining suitability for a PC.

The Board will hold a public consultation in due course on any proposed changes.

## Thematic Reviews launched

The Actuarial Monitoring Scheme (AMS) launched with the announcement of two thematic reviews as part of the AMS Thematic Review Programme.

The first two reviews, in the areas of Pensions (Actuarial Factors in Pension Schemes) and General Insurance (General Insurance Pricing), are ongoing and will be completed in 2020.

The findings of the reviews will enable the IFoA to share useful learning and good practice with

---

<sup>1</sup> Category 1 (PC holders) are checked for compliance when they submit their PC application, Category 3 (partially regulated Fellows and Associates) and Category 6 (Student Actuarial Analysts) do not have a requirement to record CPD. Category 7 (retired) and Category 8 (Honorary Fellows and Affiliates) have no CPD requirement.

<sup>2</sup> The PCC's report to Members, published on 18 December 2019, can be found [here](#). The report details the most recent changes to the PC Scheme and statistics in relation to the number of PCs in existence.

Members and their employers, as well as be used by the Board to ensure the IFoA's Framework is as effective and relevant as possible, helping it to safeguard the reputation of the profession and serve the wider public interest.

Topics for future reviews to take place in 2021 will be agreed by the Board over the coming months and communicated to Members and the public.

## Support to Members

A substantive review of the services currently provided to Members to support them in compliance with their professional responsibilities was carried out, resulting in the Board approving proposals for a new Professional and Regulatory Support Helpdesk.

The new Helpdesk will be introduced in the coming months and aims to make it clearer for Members where queries should be sent, provide options for how queries are addressed (and by whom), ensure that international Members are better supported and offer more specific, external sources of advice, where appropriate.

Notwithstanding the review, regulatory support to Members continued to be provided in a number of ways, including through the IFoA's Professional Support Service (PSS).

The PSS received 32 queries in the period 1 March 2019 to 29 February 2020 covering topics in the life, pensions and general insurance practice areas as well as on general professionalism issues.

Queries were received from Members based in the UK, Kenya, Hong Kong, Australia, India, Germany, South Africa, Namibia and the Isle of Man.

The queries involved requests for support on topics including conflicts of interest, peer review,

speaking up, the scope of the TASs, technical advice in relation to work, the application of the Actuaries' Code to particular ethical issues and the application of professional standards to certain pieces of work.

A new suite of professional skills training (PST) videos for 2019/2020 was published to assist Members in meeting their PST requirements, as well as a Toolkit with comprehensive resources designed to help Members facilitate high quality, interactive sessions within their organisations and local actuarial societies.

The Board also approved important changes to the IFoA's professional skills training regime, designed to support a more flexible learning approach and to ensure that professionalism training is delivered at the right time in Members' careers.

Under the new regime, Members are introduced to professionalism concepts in more depth, at an earlier stage of membership. The existing Stage 1 online test has been replaced with a four part modular e-learning course covering professionalism concepts and the new Stage 2 course (which will begin running in August) will involve a facilitated discussion of case studies over a one week period during which participants will be required to digest case studies and make online contributions.

## Quality Assurance Scheme

The Board continued its oversight of the Quality Assurance Scheme (QAS) which accredited five new organisations between 1 March 2019 and 29 February 2020, including its first accreditation in Africa.

The QAS has a total of 47<sup>3</sup> accredited organisations, including:

- Organisations from the UK, Singapore, Malaysia, Hong Kong, Indonesia, Dubai, Thailand and Africa.
- Employers of almost 25% of IFoA's UK membership.
- Employers of 11% of IFoA's Global Membership.
- Approximately 93% of UK Scheme Actuary Practicing Certificate Holders.
- Different types of employers in a range of sectors including consultancies (actuarial, pensions, insurers, investments, multi-disciplinary); accountancy firms; specialist organisations, including actuarial technology; expert witness firms; and government/public sector.

The Board also received its annual report from the QAS Sub-committee and approved a number of changes to the QAS Handbook.

A pilot of an outcomes-focussed CPD scheme, which seven QAS accredited organisations took part in, also drew to an end. The pilot was an overwhelming success for participating members and the findings taken into account in shaping the proposals for the new CPD scheme consulted upon.

Outcomes-focussed CPD was approved by the Board as an option for all QAS organisations who wish to adopt it through the QAS CPD Scheme.

## DPB

The Board received its annual report from the Designated Professional Body (DPB) Board on its recent work.

The report confirmed that between September 2018 and August 2019:

- A total of 19 firms were licensed under the IFoA's DPB regime.
- One application for a new licence was received.
- Two firms surrendered their licences.
- Four monitoring visits for licensed firms were carried out.
- One complaint was lodged against a DPB licensed firm.

A number of minor amendments were made to the DPB Handbook to bring it in line with the FCA Handbook, update references and provide greater clarity around some of the terms used.

## Governance

The Board implemented a number of measures to improve its governance arrangements and enhance the accessibility and transparency of the information available to the public about its decision making and activities.

Some of the measure introduced by the Board included:

- the publication of meeting dates, agendas, minutes and papers;

---

<sup>3</sup> At the time of publication

- improved processes for the appraisal of the Board and its lay members;
- strengthening the Board's relationship with IFoA's other regulatory Boards to share knowledge and expertise;
- improvements to the Board's webpage to provide more information about the Board and its members; and
- the introduction of regulatory impact assessments for new regulatory proposals.

The Board is working with its sub-boards and sub-committees to identify ways to improve transparency in relation to the activities they undertake.

Other governance changes relating to the Board are due to be considered. Those aim to ensure the Board's governance remains fit for purpose in the context of a rapidly changing regulatory environment.

## Future of Actuarial Regulation

An ongoing focus for the Board has been engagement with Government departments including HM Treasury in relation to its review into the future arrangements for actuarial regulation.

This follows the recommendations in the report by Sir John Kingman (in December 2018) that the FRC ought to be abolished and replaced by a new statutory body, the Audit, Reporting and Governance Authority.

The timing of the Government's consultation on these proposals, as well as the potential implications for the IFoA's future role as a professional regulator, remain uncertain.

The Board continues to input into the work of the IFoA Kingman Steering Group which is working to help inform the IFoA's response to the proposals.

## Horizon Scanning and Risk

A new horizon scanning register was introduced by the Board to assist with the identification of new and emerging regulatory risks and inform the Board's wider regulatory activities.

The register is one of a number of recurring items on the Board's agenda and identifies areas of potential public interest risk, as relevant to actuaries and their work.

The Board carried out the first of a regular series of risk deep dives, looking at the different roles carried out by actuaries in relation to defined benefit to defined contribution pension transfers and whether they might be doing anything that could create potential risk in this area for consumers.

The Board also participated in the work on refreshed risk hotspots for the 2020 publication of the Joint Forum on Actuarial Regulation's (JFAR) [Risk Perspective](#).

### 3. Our plans for 2020/21

The Board has identified a number of priorities for the 2020/2021 corporate year. Those include:

- implementing the new CPD Scheme and supporting Members through the transition to it;
- concluding the first AMS thematic reviews, including determining and communicating any outputs from the findings and agreeing topics for future reviews to take place in 2021;
- implementing the new Professional and Regulatory Support Helpdesk to assist Members in complying with their professional responsibilities;
- completing the review of the Practising Certificates regime and conducting a public consultation on proposals for changes;
- implementation of further improvements to regulatory governance, including introducing a clear Scheme of Delegation between the Board, its sub-boards and sub-committees and the IFoA Executive;
- continued engagement with the UK Government review of actuarial regulation; and
- maintaining and enhancing its positive engagement with Members and wider stakeholders on regulatory and professionalism matters.

The Board anticipates 2020/21 to be a year of significant challenge for actuaries and the profession. It will continue to monitor the impacts of the Covid-19 crisis on Members and take further steps as necessary to ensure Members continue to be able to meet their professional requirements.

#### 4. How to contact the Board

Should you wish to contact the Board you can do so in the following ways:

By email: [regulation@actuaries.org.uk](mailto:regulation@actuaries.org.uk)

By Post: Secretary to the Regulation Board  
The Institute and Faculty of Actuaries  
Level 2, Exchange Crescent  
7 Conference Square  
Edinburgh  
EH3 8RA

By telephone: +44 (0)131 240 1300

For further information on the Regulation Board and to see the published agendas, minutes and papers of each Board Meeting, please visit our [webpage](#).



Institute  
and Faculty  
of Actuaries

## Regulation Board Terms of Reference

### Purpose

Ensures that the IFoA regulatory objectives are being delivered and remain appropriate. Authorises codes and standards relating to professional conduct and competence, including the CPD Scheme. Oversees the proper integration of the IFoA regulatory framework in all activities.

### Key Responsibilities

#### 1. Strategy

- a. Supports Council in future reviews of IFoA regulatory objectives.
- b. Collaborates with other Boards to ensure that cross cutting organisational and cross-practice opportunities and initiatives are appropriately addressed.

#### 2. Planning and reporting

- a. Supports Management Board in developing the annual corporate plan by developing proposals for that plan as they relate to regulation.
- b. Reports at least annually to the Financial Reporting Council.
- c. Reports to Management Board on its activities and progress and to Council on strategic matters.

#### 3. Governance

- a. Complies with the Governance Manual.
- b. Chair to be responsible for ensuring that the Board's activities support the IFoA principles of equality, diversity and inclusion.
- c. Appoints chairs and sets up terms of reference for the following sub-committees:
  - I. Membership
  - II. Professional Skills
  - III. Standards review
  - IV. Regulation Board international
  - V. Pensions standards
  - VI. Practising Certificates and
  - VII. Quality Assurance
  - VIII. Financial Reporting Group (FRG)
  - IX. Designated Professional Body Board

#### 4. Oversight

- a. Monitors delivery against the corporate plan.
- b. Monitors the work of the Membership, Professional Skills, Standards Review, Regulation Board International, Pensions Standards, Practising Certificates, Quality Assurance sub-committee, Financial Reporting Group and Designated Professional Body Board.
- c. Establishes and oversees the operation of such compliance monitoring arrangements as may be appropriate and proportionate, in the public interest.
- d. Oversees the effectiveness of the IFoA's regulatory enforcement arrangements at a policy level and in the context of the IFoA's regulatory strategy.
- e. Ensures appropriate liaison with, and recognition of international actuarial bodies such as the IAA and AAE.
- f. Ensures Practice Boards are informed of and share the Board's understanding of regulatory matters.
- g. Oversees operation, by the IFoA's QAS sub-committee, of the Quality Assurance Scheme.

#### 5. Other responsibilities

- a. Develops, issues and communicates to members, co-regulators and to the public at large appropriate codes and standards relating to professional conduct and competence.
- b. Engages with the Chief Risk Officer to ensure that strategic and significant operational risks and their mitigation are understood and appropriately managed.

View the [“Standards”](#)

- c. Works with the Lifelong Learning Board to ensure proper integration of the IFoA's regulatory framework (including the Practising Certificate regime) with its qualification and educational requirements and syllabus.
- d. Develops, issues and promotes an appropriate **CPD scheme**, including requirements in relation to professionalism and promote and review compliance to ensure effective enforcement arrangements in the event of non-compliance with the CPD scheme.

View the [“CPD Scheme”](#)

- e. Works with the DPB Board to ensure that the IFoA Bye-laws, Professional Guidance and DPB Handbook, taken together, provide an adequate basis for investor protection within the scope of the IFoA's powers as a DPB.
- f. Works with the Disciplinary Board in relation to its reports to Council and delivery of enforcement elements of the IFoA's regulatory strategy.
- g. Ensures that regulatory aspects of Mutual Recognition Agreements (**MRAs**) meet required standards.

- h. Liaises with the Markets Development Board on the international aspects of its remit.
- i. Maintains productive and effective working relationships with the FRC, FCA, PRA, tPR, PPF and Lloyd's together with other relevant regulatory bodies and stakeholders.
- j. Develops and maintains effective relationships as required with actuarial associations based outside of the UK.

## **Membership**

**Executive Support:** Head of Professionalism

The Board shall comprise at least ten and no more than thirteen members:

1. Lay Chair
2. Council member
3. At least seven and no more than ten additional members (of which at least two and no more than four shall be lay members)
4. IFoA General Counsel

## **Specific Procedural Rules**

1. The quorum for meetings shall require at least one lay member.

## Chair



### Neil Buckley

Prior to becoming Regulation Board Chair Neil was Chief Executive of the Legal Services Board, an oversight body for legal regulators in England and Wales. Before this he was Director of Investigations at Ofcom, leading a team responsible for enforcing competition law and regulatory rules applying to the communication sector. Neil is Board Member of the Valuation Tribunal Service and the General Pharmaceutical Council. He qualified as a solicitor in 1990, and worked for a number of law firms in the City of London, specialising in international private arbitration. He has a master's degree in Regulation from the London School of Economics and an undergraduate law degree from Hertford College, Oxford University.

## Lay Members

### Marcia Cantor-Grable

Marcia is a commercial and risk management executive with Board, Executive Committee, and CEO level experience and more than 35 years' overall experience in financial services. Her career has spanned global and regional remits in insurance, banking and financial markets infrastructure. Her current Board Memberships include: Modulr FS Ltd (member Board Risk Committee); Société Générale International Ltd (Chair Risk Committee and member other Board committees); and the IFoA's Practising Certificates Committee.



### Nicola Bevan

Nicola has worked in financial services for over 25 years including in general insurance, life, pensions and insurance broking. Following work as a regulator (including at the FSA and the FCA), Nicola has led compliance and regulatory risk functions at RSA Insurance, Towergate Insurance Brokers, and Co-op Insurance. She is a Non-Executive Board and Audit Committee member for a housing association seeking to increase housing stock and associated services to those in need in the North West. As a strategic thinking business leader experienced in risk, strategy and regulatory issues, Nicola has a particular interest in governance, customer outcomes and how organisations operate in the public interest.

## Council Member

### Matt Saker

Matt has nearly 30 years' experience working as an actuary in the life and general insurance industry. After a long career at Watson Wyatt, Matt joined Aviva in 2009 and currently holds the role of Group Chief Risk Actuary with responsibility for all aspects of the Group's actuarial methodology in respect of both Life and General Insurance. In addition, Matt is leading the development of data science within Aviva's Risk function. Matt plays an active role in the profession and was elected onto the Council of the Institute & Faculty of Actuaries in 2016, before joining the Regulation Board in 2018.



## IFoA General Counsel



### Ben Kemp

Ben is a Director and General Counsel at the IFoA. He was formerly a partner in the Regulatory and Professional Discipline at London law firm Kingsley Napley LLP. Prior to that he trained and worked for ten years as a solicitor with Shepherd+Wedderburn LLP. Ben is dual qualified as a solicitor in Scotland and England & Wales, a solicitor member of the Scottish Solicitors' Discipline Tribunal and a former member of the Professional Standards and Ethics Committee of the Law Society of England and Wales. He serves as a Legal Assessor appointed to advise disciplinary panels of the Royal Institution of Chartered Surveyors and is a part time tutor in public and constitutional law at the Edinburgh University.

## Practitioner Members

### Edwin Sheaf

Edwin is a Senior Director at Willis Towers Watson, where he has worked for almost 30 years. He divides his time between advising the trustees of pension schemes, having held a Scheme Actuary certificate for 22 years, and advising the companies that sponsor such schemes. Edwin is a current member of the IFoA's Practising Certificates Committee. He has twice been elected to IFoA Council. He is also a former member of Management Board, Nominations Committee, the Diversity Steering Group and the DC Advisory Group, as well as several working parties dealing with actuarial regulation and education.



### Frank Devlin

Since 2014 Frank has been Head of Actuarial Risk Management for Munich Re - Asia Pacific, Middle East and Africa (Life). He worked for four years in Aviva's Asia Pacific Regional Office, with posts including of Head of Financial Management and Head of Capital and Products and was SVP and Head of Actuarial Reporting with ICICI Prudential Life Insurance in Mumbai. He worked with Standard Life for nearly 13 years with roles in Marketing, Defined Benefit Pension scheme valuation, Treasury and capital raising, and a 30 month secondment to HDFC Standard Life, Mumbai. He is a Fellow of the Institute of Actuaries of India and Singapore Actuarial Society. He is vice president of the Singapore Actuarial Society. He has a PhD in Theoretical Physics from Cambridge University and in 2014 completed an MBA at the National University of Singapore.



### Melanie Puri

Melanie is Actuarial Director at PwC, specialising in providing consulting advice for life insurance clients and she is the reviewing actuary for a number of life insurance audits. She has 25 years extensive and varied experience in life insurance companies and consultancies, for a number of years operating at the C-suite level. Melanie has 15 years experience working overseas in India and the Netherlands - based in Delhi, the Hague, and Mumbai. She returned to the UK in 2017 after building an actuarial consultancy business for PwC in Mumbai and is currently based in Bristol.



### Shane O'Dea

Shane is the Chief Actuary of AIG Europe SA. He was based in London for 11 years and has now moved to Luxembourg. He is interested in actuarial regulation both at a UK and international level. He has been activity involved in IFoA volunteering over the years with time spent as a Lead examiner, member of the disciplinary pool, GISCC and contributor to a Brian Hey prize winning paper on Technical Provisions.





Institute  
and Faculty  
of Actuaries

# Refreshed Regulatory Policy Statement

September 2016

## REFRESHED REGULATORY POLICY STATEMENT

### 1. INTRODUCTION

- 1.1 The Institute and Faculty of Actuaries (“the IFoA”) has, in accordance with its Royal Charter, primary responsibility for the regulation of its members, as actuaries, in the public interest. The IFoA's overarching regulatory strategy is defined as being, “*to regulate the members of the Institute and Faculty in such a way as to assure public trust and support business and innovation*”.<sup>1</sup>
- 1.2 This paper was originally published in 2012, as a summary of the IFoA's regulatory policy direction. It has been updated in light of the IFoA's strategy refresh in 2016.

### 2. REGULATORY RATIONALE

- 2.1 The IFoA undertakes its regulatory role, first and foremost, in the public interest. Fundamentally, this is about the protection of the public, but it extends also to assuring public confidence in the profession, by maintaining its good standing in the public eye. Ultimately, the public interest is served by maintaining the quality of actuarial work and the professionalism of the actuaries who deliver it. At an individual level, members are expected to uphold the quality and professionalism required by the Actuaries' Code and other relevant professional standards. The **Annex** expands further on what we mean by the public interest.
- 2.2 Effective regulation serves both the public, and the profession, in maintaining and enhancing its collective reputation. In order to achieve these goals, regulation must at the same time be proportionate and support rather than hinder innovation. We will always in our regulatory approach, be mindful of the importance of facilitating innovation and of not impeding inadvertently the profession's contribution to economic growth.
- 2.3 The IFoA seeks to undertake its regulatory role according to the Principles of Good Regulation. These principles<sup>2</sup> require that regulation is:-
- 2.3.1 **Proportionate** – such that regulatory intervention is undertaken only to the extent necessary and appropriate to the risk;
  - 2.3.2 **Accountable** – the IFoA should be ready to justify regulatory action (and inaction) and should be, and be seen to be, open to scrutiny by the public as well as its members;
  - 2.3.3 **Consistent** – regulatory action (and inaction) should be coherent, according to a clearly defined and comprehensible policy;
  - 2.3.4 **Transparent** – regulation, and the process by which it is determined, should be clearly articulated and readily comprehensible; and
  - 2.3.5 **Targeted** – regulatory action should be focused on identified problem(s), such as to minimise side effects.

---

<sup>1</sup> The Institute and Faculty of Actuaries, Strategy, June 2011, as refreshed June 2016

<sup>2</sup> 'Principles of Good Regulation', published by the UK Government's Better Regulation Task Force in 2003 and accorded statutory recognition by s21 of the Legislative and Regulatory Reform Act 2006.

- 2.4 Consistent with these principles, the IFoA aims to undertake its regulatory role in a way which is principles-based and outcomes focused: regulatory action should focus on solving a specific problem, but permit reasonable flexibility as to how this is achieved. The emphasis is on resolving the actual cause of public interest concern, and steers away from process-focused and 'tick-box' models.
- 2.5 The IFoA will only regulate where intervention is necessary having regard to the extent of the public interest risk.
- 2.6 We will always consider options other than mandatory regulation, including educational initiatives, voluntary schemes and non-mandatory guidance as an alternative to mandatory regulation. We are launching in 2016 our 'risk outlook' initiative, to help inform and prioritise our regulatory activity and support members in upholding our standards.
- 2.7 Any regulatory action must be fair, to users of actuarial services, the wider public, and members.

### **3. HOW WE WILL ACHIEVE THIS**

#### **3.1 General approach –**

- 3.1.1 We will support our members worldwide in achieving and maintaining high quality and professionalism. We will provide guidance to our members in complying with applicable standards and regulation.
- 3.1.2 We will promote the importance and benefits of using regulated professional actuaries worldwide and take appropriate steps to further this objective.
- 3.1.3 We will aim to achieve equivalence of regulatory outcomes, wherever in the world our members are practising. This does not mean necessarily that 'one size fits all' in terms of the regulation required in different parts of the world. In particular, we will take account of existing local as well as international standards and regulation.
- 3.1.4 We will play a proactive and leading role in the global actuarial community. We will work collaboratively with stakeholders worldwide in order to achieve these goals, including our members, other professional bodies and regulators, national associations and the international actuarial bodies. In the UK this will include in particular our oversight body, the Financial Reporting Council<sup>3</sup> and the Joint Forum on Actuarial Regulation<sup>4</sup>.
- 3.1.5 Where our non-UK members are also members of other actuarial associations, we will not, so far as possible, duplicate the regulation of that other association.
- 3.1.6 We will, as part of our commitment to "active transparency", communicate clearly the regulatory requirements which we put in place and the reasons for these requirements. We will do this through consultation and regular face-to-face meetings as well as through digital media, by email, social media and webinars. We will consult

---

<sup>3</sup> The Financial Reporting Council (FRC) has responsibility for oversight of the regulation of actuaries by the IFoA and the independent setting of technical actuarial standards in the UK. The FRC operates through a Memorandum of Understanding with the IFoA supported by the IFoA Bye-Laws and Disciplinary Scheme which require its members to comply with the standards set by the FRC.

<sup>4</sup> The Joint Forum on Actuarial Regulation (JFAR) was established in 2013 by the Financial Reporting Council, the Institute and Faculty of Actuaries, the Financial Conduct Authority, the Pensions Regulator and the Prudential Regulation Authority. The JFAR is a unique collaboration between regulators to coordinate, within the context of its members' objectives, the identification and analysis of public interest risks to which actuarial work is relevant.

on proposals, publish consultation results, share our regulatory decisions and support members in compliance.

3.1.7 Just as we expect our members to speak up where they encounter issues of public interest concern, so the IFoA aims to speak up to raise awareness of such issues, for the benefit of both our members and the public.

3.1.8 We will support business and innovation by ensuring that our regulation is targeted, proportionate and monitored for effectiveness. We will amend or withdraw our regulation where it is found not to be effective, or appropriately targeted and proportionate.

3.2 **Standards and guidance** – Standards will be introduced and maintained according to the following principles:-

3.2.1 We will state clearly what is expected of all of our members, wherever in the world they are practising.

3.2.2 We will only introduce standards and guidance where there is a demonstrable need, in the public interest, for more specific provision than is currently provided by the Actuaries' Code. It is implicit in this principle that the IFoA is in a position to make this assessment from a position of informed awareness in respect of need and risk.

3.2.3 We will undertake and publish post implementation reviews to assess the effectiveness and efficient working of our regulations.

3.2.4 We prefer principles over detailed rules, but will always ensure that sufficient information about expected outcomes is provided.

3.2.5 Where appropriate, we will seek to articulate principles which have broad cross-practice relevance, avoiding regulation which is unnecessarily limited in its scope, or duplication between different areas of practice.

3.2.6 We will draft standards in a clear manner, in plain simple language, with a view to comprehensibility by the non-actuary, and by those for whom English is not their first language. We will make clear the status, application and inter-relationship of the Code, standards and guidance.

3.2.7 We will keep mandatory requirements (standards) and non-mandatory material (guidance) distinct.

3.2.8 We will not duplicate guidance or provisions originating from another source e.g. legislation or rules of another regulator.

3.2.9 We will ensure that standards are, so far as possible, future proof - ensuring that requirements are able to withstand minor changes to rules and legislation and to the structure of any named bodies or organisations.

3.2.10 Standards will be enforceable.

3.2.11 Standards will be fair to members, users and the public.

3.2.12 We will support the principle of the development of appropriate model standards by the International Actuarial Association and the Actuarial Association of Europe, as a means to (1) convergence and consistency of standards internationally; (2) supporting other actuarial associations; and fundamentally (3) promoting high quality actuarial work and professionalism worldwide.

3.2.13 We will make clear the extent to which we expect our members to comply with such international model standards.

3.3 **Lifelong learning** – the IFoA will adopt so far as possible an outcomes-focused approach to lifelong learning, ensuring that its regulatory framework is integrated with the qualification framework and relevant training and support, and addresses both technical and wider professional skills and ethics.

3.4 **Monitoring** – the IFoA will act proportionately in this area, emphasising individual self-responsibility over regulatory policing. We will use the Quality Assurance Scheme (QAS) to promote and monitor quality and professionalism amongst organisations which employ our members. We will review the effectiveness of the QAS, as well as of our standards and other regulatory initiatives.

3.5 **Enforcement and discipline** – We will ensure, through the oversight of the Disciplinary Board, the continuing effectiveness and fairness of our Disciplinary Scheme. In particular, we will:-

3.5.1 Promote awareness and use of the scheme as an effective right of recourse of choice.

3.5.2 Monitor publically available information, and proactively investigate where appropriate.

3.5.3 Engage with the profession, the public and wider stakeholders in order to understand better their use of the scheme, and any impediments to such use.

3.5.4 Refine the design of the scheme to remove any obstacles to the appropriate application of the scheme.

#### 4. FURTHER INFORMATION

4.1 For further information about the IFoA's regulatory strategy, and its implementation, please visit the "[upholding standards](#)" section of our website or contact [fiona.goddard@actuaries.org.uk](mailto:fiona.goddard@actuaries.org.uk).

## **The Public Interest**

“The objects of the Institute and Faculty of Actuaries shall be, in the public interest, to advance all matters relevant to actuarial science and its application and to regulate and promote the actuarial profession” – *Our Royal Charter*

### **What does acting in the public interest mean to the Institute and Faculty of Actuaries (IFoA)?**

We have a primary duty to assure public trust in the profession of actuary by maintaining its good standing in the eyes of our members, our stakeholders and the wider public in order to benefit society as a whole.

Put simply, we believe it requires the IFoA to discharge its regulatory, public affairs, membership and educational responsibilities in the interests of society at large.

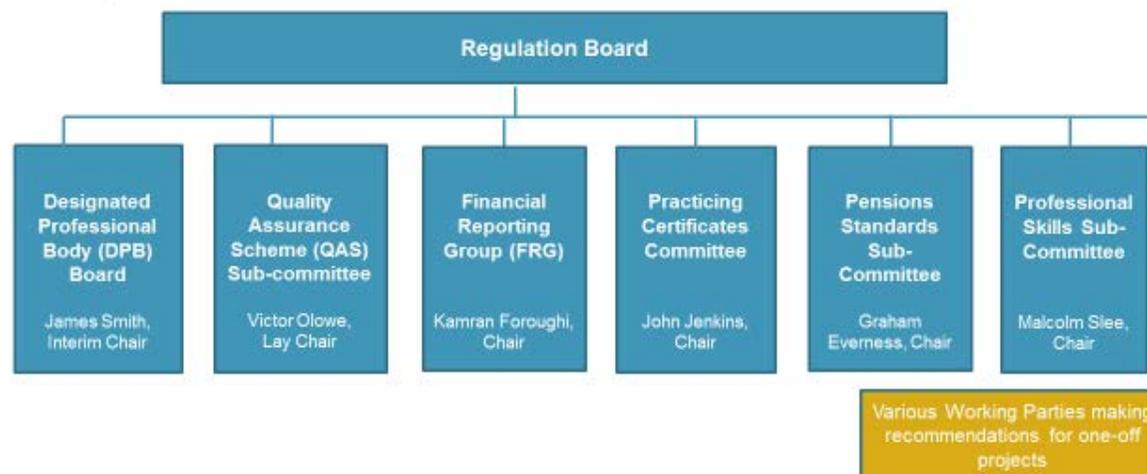
#### **And how do we do this? By ensuring that:**

1. our educational syllabus is appropriate to ensure we produce high quality professionals with the appropriate skills, knowledge and behaviours;
2. we set appropriate standards, and require our members to comply with them, so that actuaries maintain a high quality of actuarial work, professionalism and ethics;
3. we appropriately sanction our members should their conduct fall short of what other members or the public might reasonably expect of a member of the IFoA;
4. in our particular field of knowledge - actuarial science - we promote and support thought leadership, speak up where appropriate on matters of public interest and contribute to relevant public policy debate; and
5. we promote the standing and sustainability of the actuarial profession throughout the world.

### **What does acting in the public interest mean in practice to members of the Institute and Faculty of Actuaries?**

Put short, it means that members uphold relevant professional requirements, ethical codes, published standards and disciplinary obligations in letter and spirit, cognisant of the public interest purpose for which they were issued.

## Regulation Board Structure



### List of Working Parties

The Board is currently supported by the following working parties and other groups which help inform its decision making:

- CDC Pensions Working Party
- Gibraltar TASs Focus Group
- GN30 Review Working Party
- Practice Modules Review Working Group
- Professional Skills Review Group