

The Actuarial Profession
making financial sense of the future

Regulation by the Profession



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Overview

- the context of self regulation,
- the implications of that context,
- our approach, and
- your chance to give some input.

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A profession is

"Professions have long been associated with the idea of "vocation" or "calling", which requires the pursuit and application of expertise for the public good or in the public interest. Acting in the public interest is broadly associated with altruism and service rather than activities orientated towards private profit or gain."

GTC 2007

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A profession is

"It is for the professions themselves to ensure that procedures are devised and implemented which fully justify their privilege of self-regulation. That is a valuable privilege. However, if it is to continue, its existence must be seen to secure the interests not primarily of the profession and its members but of the public whom it is the true purpose of every profession to serve."

The Attorney-General (Sir Patrick Mayhew) 1992

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A profession is

Lord Benson (HofL 1992) set out 9 criteria to be considered a profession including;

- the rules and standards enforced by the governing Body should be designed for the benefit of the public and not for the private advantage of the members,
- work is often reserved to a profession by statute – not because it was for the advantage of the member, but because of the protection of the public interest,
- in its specific field of learning, a profession must give leadership to the public it serves.

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Implications for self-regulation

- trust in the body and its members is key to being a profession,
- to earn that trust our regulation must have the public interest at the fore at all times,
- the sufficiency of our regulation should be viewed from the perspective of our stakeholders not our members.

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Our approach to regulation

- principles rather than rules,
- actuaries are grown up; professional judgement is valued,
- better regulation principles – clear, proportionate etc.,
- we will engage with stakeholders, and
- we will develop mutual respect especially with our regulators.

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3 Pillars of a profession

- entry standards,
- complaints and discipline, and
- CPD and practical support for ethical behaviour.

Professional Association Research Network

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Focus

- **Not** about enforcement
 - Actuarial Profession is generally compliant,
 - Discipline Schemes recently reviewed.
- **But**
 - We need to modernise our framework,
 - Develop preventative measures and Quality Assurance.

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Modernise our framework

- the Actuaries' Code,
- a small number of mandatory supplementary Standards,
- resource material in the form of case studies, Q&A, other material, and
- CPD to underpin these issues.

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An example of this approach

- the Code has a principle of Compliance (*and speaking up*),
- there might be a need for a Standard on whistleblowing,
- certainly needs to be supplementary information,
- case studies might be a useful tool,
- include whistleblowing as a key element in professionalism courses, and
- consider developing an on-line module.

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Why focus on prevention?

- average 22 complaints a year from 2004 to 2009
- 2 complaints received so far this year (at 17 Feb 2010)
- of the 134 complaints received to date:

Branch of Practice	
Pensions	67 (of which 41 in reserved roles)
Life	23 (of which 3 in reserved roles)
General Insurance	7 (of which 1 in reserved role)
Consultancy	1
Investment	11
Health Care and Insurance	3
Students	7
No information recorded	13
Other non-actuarial	1
Education	1

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Who complains?

Members of the public	30
Head of Professional Regulation	46
Head of Regulatory Compliance	1
Members of the Profession	31
Trustees of Pension Scheme	11
Honorary Secretary	5
OPRA (now the pensions regulator)	4
Former employer	2
Pension Fund Manager	1
Pension Protection Fund	2
Another Professional Body	1

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Main types of complaint

- failure of professional competence – breaches of guidance or statutory requirements
- failure to renew/hold practising certificate
- failure to comply with CDP requirements
- cheating in examinations
- general grievances regarding customer service

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Preventative measures and Quality Assurance

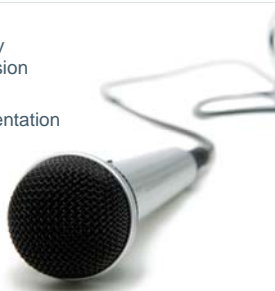
- develop useful information for members,
 - whistleblowing
 - conflicts
 - competitor information
- develop CPD scheme requirements,
- develop the PC regime
- develop policy on Quality Assurance

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Questions or comments?

Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.
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