



The Actuarial Profession
making financial sense of the future

Regulation by the Profession



Sir Philip Mawer

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Overview

- the context of self regulation,
- the implications of that context,
- our approach,
- the current agenda.

Happy to answer questions later.

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 is for the advantage of the member, but because of the need to protect the public,
- in its specific field of learning, a profession must give leadership to the public it serves.

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 forefront at all times,
- the sufficiency of our regulation should be viewed from the perspective of our stakeholders, not our members.

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The Profession's approach to regulation

- principles rather than rules – resulting behaviour is key,
- actuaries are grown up; professional judgement is to be valued,
- better regulation principles – clear, targeted, proportionate etc.,
- develop in dialogue with members and stakeholders, and
- based on relationship of mutual respect 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.

All three support the over-arching values embedded in the culture of a profession

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Current Focus

- **Not** about entry standards or enforcement
 - standards are high
 - Actuarial Profession is generally compliant,
 - discipline schemes recently reviewed.
- **But**
 - we need to modernise our framework,
 - develop preventative measures and more effective Quality Assurance arrangements.

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Modernise our framework

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

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Why focus on prevention?

- average 22 complaints a year from 2004 to 2009
- 2 complaints received to 17 Feb 2010
- of the 134 complaints received to that 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

- define skill sets for actuaries,
- develop CPD scheme requirements and provision,
- develop new standards and/or guidance for members, e.g. on conflicts and whistle-blowing,
- develop the PC regime,
- develop policy on Quality Assurance – role for firms?
- help implement BAS TASS.

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Conclusion

- a challenging time for all professions,
- our aim is to be recognised as a first class professional regulator,
- the Profession can be proud of its achievements so far,
- we need to keep it up!

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