



The Actuarial Profession

making financial sense of the future

Exposure Draft 27: APS L1: Duties and responsibilities of life assurance actuaries

Consultation feedback and responses

Professional Regulation Executive Committee

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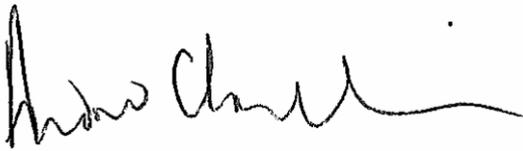
1 Introduction

Andrew Chamberlain, Chair of the Life Standards and Consultations Committee

I am pleased to introduce the Life Standards and Consultations Subcommittee's responses to the feedback on ED27 on behalf of the Life Practice Executive Committee.

We are extremely grateful to those respondents who set out their views on the Exposure Draft and who attended the consultation meetings held in both London and Edinburgh. The final version of ED27: APS L1, "Duties and Responsibilities of Life Assurance Actuaries", which was published on 1 September 2011 with an effective date of 1 October 2011, reflects both the value of these contributions and the careful consideration we have given to them when finalising this Actuarial Profession Standard (APS).

Comments from individual respondents are grouped together by question, followed by a response which is intended to address all of the material points raised. I hope you will find this summary of the feedback received, and the accompanying responses to that feedback, both helpful and informative. It demonstrates clearly how input from the Profession's members and other interested stakeholders can help to produce guidance which is useful both for members of the Profession and for users of actuarial services.



Andrew Chamberlain
Chair, Life Standards and Consultations Committee
July 2012

2 Explanatory note

The feedback received has contained a few comments relating to purely grammatical or typographical issues. We have taken those on board and thank those respondents for these comments.

As to the structure of this response document, 8 questions were asked in the Survey Monkey survey accompanying ED27: APS L1. Each of those questions (bar the first one which asked for name, position, organisation and whether the respondent wanted their name/response to be confidential) is set out in full, along with the substantive comments made by respondents to those questions.

Wherever possible, in responding to the feedback to the questions, we have drawn together comments with a common or related theme and responded accordingly. Individual comments which could not be considered in this way have been responded to separately.

We have also set out tables listing the responses received in a percentage form. The percentages listed are percentages of the respondents who answered the question, rather than the number of respondents who actually started the survey (29 in total). Some of these comments were confidential and they have not been published in this document. The Committee, has, however, taken these comments into account in preparing the final version of APS L1.

APS L1 has also been mapped against the Financial Reporting Council's Actuarial Quality Framework and the Actuaries' Code in order to demonstrate our commitment to a cohesive regulatory framework. This mapping appears at Appendix 1. Finally, we wish to express our thanks to all of those who took the time and effort to respond to this consultation.

The Life Standards and Consultations Committee

3 Consultation Responses

Question 1: Comments on the use of words like "must" and "should" in ED 27?

Answer Options	Response Percent	Response Count
Yes	22.2%	6
No	77.8%	21
Please give your comments		7
answered question		27
skipped question		2

Feedback comments on ED (all comments excluding those which say just "Yes" or "No.")

Response no.	Response
1	Yes. I think these are helpful.
2	Previously in some guidance notes it was necessary to assume that the Classification applied to all statements in it as no distinction was applied. Introducing must/should is an improvement on this as it should make it possible to have more coherence in an APS as the topics covered does not have to be restricted to the level of the previously used "Classification". I think the must and should, could be made to stand out more in the text (perhaps using typeface). This will make it clearer, similar to the use of R and G in the FSA handbook or G and M in some guidance notes. There are paragraphs where the must/should approach is not followed, which reduces the clarity, e.g. 3.10, 7.1, 7.3.
3	By defining ordinary English words "must" and "should" in a special way, the authors make it difficult, if not impossible, to draw on language used by other regulators who may not use the terms in the same way. It seems very unwise to take standard English words and then define them in a way that is not wholly consistent with their natural meaning.

Response from Working Party

Response
The committee noted that the majority of respondents agreed with the use of the words 'should' and 'must', or had no comment. The committee also noted that the International Actuarial Association (IAA) is taking a similar approach to the use of these words.

Question 2: ED 27 is intended to be an amalgamation of GNs 39, 40, 41, 42 and 43 which dealt with the separate roles of Life actuaries and the interrelationship between those roles. Does ED 27 adequately capture the requirements for the individual roles?

Answer Options	Response Percent	Response Count
Yes	83.3%	20
No	16.7%	4
Please give your comments		13
answered question		24
skipped question		5

Feedback comments on ED (all comments excluding those which say just “Yes” or “No.”)

Response no.	Response
1	No. The ED does not seem to require that a with-profits actuary ensures that he has sufficient information and resources to carry out the role. As the role includes access to all governing body papers and material communications to policyholders, to review and comment on all of these can require a significant amount of effort. It would be appropriate to ensure that the With Profit Actuary has access to sufficient resources to carry out this aspect of his/her role. This might also include access to appropriate legal advice, or the ability to require the Firm to obtain appropriate legal advice.
2	Yes. It covers the key issues (e.g. potential conflicts) without going into unnecessarily prescriptive detail.
3	Having acted as AFH for a number of years nothing in my experience dealing with the WPA or the Reviewing Actuary makes me think there are any gaps.
4	<p>Section 3 (AFH): The role of the AFH is defined in SUP 4.3.13-14 and relates solely to advising on risks to the firm's ability to meet its liabilities to policyholders and on the provisions that are required. Obligations to policyholders that arise from considerations of fairness and PRE affect the liabilities and therefore must be taken into account by the AFH. But the AFH role has no wider responsibilities in respect of fairness or PRE (other than those more generally applicable to Approved Persons).</p> <p>The Profession cannot modify the AFH role by adding responsibilities; it can only guide or constrain how the AFH responsibilities are to be discharged. GN40 sets out the actions that an AFH must take in respect of fairness and policyholders' expectations but does not make it as clear as it could that these actions are required only to the extent that they may affect the risks to the firm and the provisions that need to be made for liabilities. In paragraph 4.5 the words 'which need to be taken into account' are helpful in this respect. Paragraph 4.6 doesn't have such a qualification but it nevertheless appears under the heading of Section 4 'The Firm's Ability to Meet Liabilities to Policyholders'. APS L1 is an opportunity to make the position clearer but in ED 27 it does the opposite. The text in Paragraphs 3.7.2, 3.8 and 3.9 is all completely unqualified by any reference to the firm's ability to meet its liabilities. It would therefore impose responsibilities that are not AFH responsibilities. The</p>

Response no.	Response
	AFH is not responsible for advising the firm more generally on treating its policyholders fairly. There is nothing to prevent a firm, as in SUP 4.3.15, allocating such responsibilities to the actuary who is the AFH but they are still not AFH responsibilities. All of this text should, I think, be qualified by words along the lines that appear in 3.7.1: 'which need to be taken into account in assessing the liabilities'. Section 4 (WPA): The content of Paragraph 4.5 doesn't seem adequately to reflect SUP 4.3.16, and as a result implies that the WPA role could be more passive than I think it needs to be. I suggest adding another point, perhaps between 4.5.1 and 4.5.2: 'whenever the WPA is aware that the firm is preparing to make key decisions based on the exercise of discretion affecting with-profits business'.
5	No. I don't understand why the specific COB requirements from GN41 of the WPA to report annually to the Board and the policyholders on compliance with the PPFM have disappeared. Shouldn't it be included in 4.5?
6	Yes and No. GN39 is covered adequately by ED 27, GN40 is less well covered, there were some useful material on the role of the actuarial function holder not included now GN41 is covered adequately GN42 is less well covered, e.g the material that was in section 3 of GN42 provided useful guidance that is now left out.

Response from Working Party

Response		
<p>Members noted that the majority of respondents felt the draft brought together the various guidance notes effectively and clearly. However, the committee agreed that amendments should be made to improve clarity around the role of actuarial function holders. On this point, revised wording was inserted into paragraphs 3.4, 3.7 and 3.8</p> <p>Where the WP actuary has the responsibility, the AFH should be looking to support that responsibility but they should not be required to 'check' on the WP actuary, unless they have been given that specific role. The committee pointed out that paragraph 3.6 clearly sets out the relationship, supported by paragraphs 8.2 and 8.3 which require both the WP actuary and the AFH to be aware of each other's roles.</p> <p>Members noted the comments regarding the wording of 8.6 and 3.2 but concluded that they were not contradictory and simply set out the same point from slightly different perspectives.</p> <p>On the role of supporting actuaries, members agreed that it would be helpful to clarify this role and agreed to insert additional wording into paragraph 1.2.</p>		
Paragraph	Original text	Revised text
3.4	3.4. To provide the advice on risk and the monitoring of exposures required by SUP 4.3.13R (1) and(2), the Actuarial Function Holder must:...	As SUP 4.3.13R (1) does not require the firm to pro-actively supply the Actuarial Function Holder with information, in order to provide the advice on risk and the monitoring of exposures required by SUP 4.3.13R (1) and (2), the Actuarial Function

		Holder must:...
3.7	The Actuarial Function Holder must ensure that the Firm's management are aware at all times of:	The Actuarial Function Holder must ensure that the Firm's management are aware at all times of his/her interpretation of:
3.7.1.	obligations to treat its customers fairly which need to be taken into account in assessing the liabilities; and	obligations to treat its customers fairly which need to be taken into account in assessing the liabilities; and
3.7.2.	his/her interpretation of its policyholders' reasonable expectations. other than where the matter is covered by the responsibilities of the With-Profits Actuary. This interpretation must have regard to the nature of the Firm's practices and business plans and its approach to the treatment of policyholders both individually and (where appropriate) collectively as a group vis-à-vis shareholders.	his/her interpretation of its policyholders' reasonable expectations; which need to be taken into account in assessing the liabilities, other than where the matter is covered by the responsibilities of the With-Profits Actuary. This interpretation must have regard to the nature of the Firm's practices and business plans and its approach to the treatment of policyholders both individually and (where appropriate) collectively as a group vis-à-vis shareholders.
3.8	When a significant change is likely to take place in the Firm's business plans, practices or other circumstances, the Actuarial Function Holder must take all reasonable steps to ensure that the Firm appreciates the implications for fairness and the reasonable expectations of its policyholders.	When a significant change is likely to take place in the Firm's business plans, practices or other circumstances, the Actuarial Function Holder must take all reasonable steps to ensure that the Firm appreciates the implications for fairness and the reasonable expectations of its policyholders which need to be taken into account in assessing the liabilities, other than where the matter is covered by the responsibilities of the With-Profits Actuary.

Question 3: Following on from Q6, does ED 27 adequately set out the relationship obligations between individual Life actuary role holders?

Answer Options	Response Percent	Response Count
Yes	92.0%	23
No	8.0%	2
Please give your comments		12
answered question		25
skipped question		4

Feedback comments on ED (all comments excluding those which say just “Yes” or “No.”)

Response no.	Response
1	No. The requirement in 3.7 that the AFH must comment other than where the matter is covered by the WPA may leave room for confusion. Shouldn't the AFH assure himself/herself that the WPA is indeed dealing with these matters, rather than making a judgment on what the WPA should be doing? Furthermore, why is there no corresponding exclusion for matters within the WPA's remit in section 3.8?
2	Yes. This seems to be addressed by sections 8 and 9.
3	In general yes. However 3.6 puts the onus on the AFH to "liaise" with the WPA and 8.2 says "each member" i.e. the AFH and WPA "must ensure...." making it a joint obligation. This seems to be inconsistent.
4	No. ED 27 includes as its target audience "actuaries who support those role holders". However the contents of ED27 are solely about the role holders and do not include any material on the relationship between the role holders and those who support them. It is not clear what an actuary supporting a role holder is supposed to get from this APS.

Response from Working Party

Response		
The committee agreed to insert some additional text into paragraph 1.2 to clarify the point regarding awareness of the responsibilities of various roles, including those working in a supporting role.		
Paragraph	Original text	Revised text
1.2	The responsibilities of Members to whom this APS applies are central to the financial soundness of the long-term insurance business of the Firms in respect of which they act, and to the fair treatment of policyholders.	The responsibilities of Members to whom this APS applies are central to the financial soundness of the long-term insurance business of the Firms in respect of which they act, and to the fair treatment of policyholders. Members who support the various named role holders should be aware of the responsibilities of those other members when assisting them.

Question 4: Do you consider that ED 27 is helpful to Life actuaries in fulfilling their ethical obligations under the Actuaries' Code?

Answer Options	Response Percent	Response Count
Yes	96.0%	24
No	4.0%	1
Please give your comments		9
answered question		25
skipped question		4

Feedback comments on ED (all comments excluding those which say just "Yes" or "No.")

Response no.	Response
1	Yes. Although its impact is likely to be fairly marginal as most of the content reiterates legislative responsibilities or is common sense.
2	Yes. It brings things together quite neatly.
3	Yes, for role holders, not for other life actuaries.

Response from Working Party

Response
The committee noted comments regarding wider ethical issues, but agreed that it was very clear that the responsibilities set out in ED27 were not 'stand alone'. They should be read and considered in conjunction with the Actuaries Code and other parts of the regulatory framework.

Question 5: Should ED 27 include illustrative lists of non-exhaustive examples where relevant?

Answer Options	Response Percent	Response Count
Yes	16.7%	4
No	83.3%	20
Please give your comments		8
answered question		24
skipped question		5

Feedback comments on ED (all comments excluding those which say just “Yes” or “No.”)

Response no.	Response
1	No. In time, this might be a useful development, but I prefer the brevity of the approach taken as it draws out more of the breadth of the responsibilities to which it refers.
2	I think examples are always useful in bring a document to life. I would not include any examples in the body of the text but include them in a separate appendix.
3	No, the level of detail here is fine for principles based approach

Response from Working Party

Response
The committee held the same view as the vast majority of respondents who agreed that the document should not contain illustrative lists.

Question 6: Do you feel that the definitions are sufficiently clear and comprehensive?

Answer Options	Response Percent	Response Count
Yes	100.0%	25
No		
Please give your comments		
answered question		25
skipped question		4

Response from Working Party

Response
The committee noted that all respondents agreed that the definitions were clear and comprehensive.

Question 7: Do you feel ED 27 offers sufficient detail for Life actuaries to fully understand their ethical duties and responsibilities?

Answer Options	Response Percent	Response Count
Yes	68.0%	17
No	32.0%	8
Please give your comments		12
answered question		25
skipped question		4

Feedback comments on ED (all comments excluding those which say just “Yes” or “No.”)

Response no.	Response
1	Yes. I prefer the brevity of the approach taken as it draws out more of the breadth of the responsibilities to which it refers.
2	Yes. Provided that a new appointee has sufficient practical experience prior to taking up an appointment.
3	No. I think that it pulls together all the relevant detail from the guidance notes but I feel that as an actuary I would benefit from reading the actuaries code alongside ED27 to fully understand my ethical duties and responsibilities.
4	No. I think that the wording on conflicts of interest (Section 7) could be improved. However, my concerns are the same as those expressed by the Profession's Conflicts of Interest Working Party, of which I'm a member, so I won't repeat them here.
5	No. I note the use of the word "fully" in the question above. I don't think this ED or any variant of it can "fully" achieve this. There will always be exceptions! I do think the document includes an appropriate level of detail. The rest is really about applying the Actuaries' Code and sensible professional judgment.
6	No I have two problems with this survey question. The first is the use of the term "life actuaries". ED 27 has a very narrow scope and does not really offer anything for actuaries other than role holders. Also for function holders, ethical duties arise in many areas, some of which will not fall within the scope of ED 27. Secondly I don't think it should the purpose of ED 27 to ensure that actuaries "fully understand" ethical duties. Actuaries will get their guidance and understanding on ethical duties from a wide range of sources.

Response from Working Party

Response		
The committee agreed that “appropriate actuaries” should be added to the target audience list for clarity.		
Paragraph	Original Text	Revised Text
Target	Actuarial Function Holders, With-	“Actuarial Function Holders, With-Profits

Audience	Profits Actuaries, and Reviewing Actuaries, appointed by or in respect of UK authorised insurance companies and friendly societies writing long-term insurance business. Appropriate Actuaries of UK Friendly Societies and the actuaries Members who support those role holders.	Actuaries, Appropriate Actuaries and Reviewing Actuaries, appointed by or in respect of UK authorised insurance companies and friendly societies writing long-term insurance business. Appropriate Actuaries of UK Friendly Societies and the actuaries. Members who support those role holders.
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Question 8: If you have any other comments on ED 27, please set them out below.

Answer Options	
Comments	14
answered question	14
skipped question	15

Feedback comments on ED (all comments excluding those which say just “Yes” or “No.”)

Response no.	Response
1	In Section 3.8, the word "all" adds an unnecessary burden. I believe that the same wording with the word "all" omitted would achieve the desired effect. Overall I believe that the ED is appropriately succinct and to the point.
2	I appreciate that executives are often referred to as directors even when not a member of the Board. Nevertheless the reference to "finance director" in 7.2 is rather confusing. Perhaps this could be replaced with "head of finance" or some other suitable term?
3	I have never been very comfortable with paragraph 1.5 which seems to imply that a director, senior manager, or external adviser can provide advice that is not in accordance with legislation and FSA rules. Even if this were feasible, I don't really think such advice would be helpful to the client! 2) I don't understand why there is no reference in paragraph 3.7 to policy terms and conditions or to marketing literature which would seem to be relevant to policyholder expectations and the fair treatment of customers.
4	On 4.3.3, I think the level of qualification of the "must" in the introductory paragraph 4.3 is excessive. It would be simpler to say in 4.3.3 that the actuary "... is made aware, as far as reasonably possible ...", and it would be helpful to the actuary concerned that it says so. The communications concerned can be of paramount importance to some audiences.
5	Don't understand what "APS L1" means in the title. The glossary at the end of the paper explains APS (which I already knew!) and defines "APS L2" in exactly the same way as it defines "regulations", so I assume APS L2 is interchangeable with the term "regulations", but I still have no idea what the "L1" is supposed to mean.

6	<p>In 3.10 it refers to reporting to the FSA in accordance with "...2.4 above" where a firm adopts technical provisions etc which do not conform to FSA Handbook/TAS. However 2.4 is very narrowly drafted and only appears to cover notifications to the FSA in connection with leaving post.</p>
7	<p>ED 27 is very much UK specific and offers no guidance for actuaries performing similar roles in other countries. The UK specific nature is highlighted in the "target audience" statement, but should also be included in the "purpose" section. "Target audience" seems like a weaker application than what was previously "Application". To me there is something optional about "Target audience".</p>
8	<p>My comments are limited to the clarity and transparency of the draft standard. I do not practise in the field of life assurance and so I have nothing to offer regarding the technical content of the draft. My starting point is that it is important that standards should be intelligible to lay readers as well as to actuaries, especially to those readers who are users of actuarial services so that they can make themselves aware of what their actuary is required to do – and, after the event, check whether the actuary has done it. Likewise, the standard needs to be clear to those who might be minded to make a complaint against an actuary and to those called upon to investigate the issue and/or be involved in a tribunal hearing.</p> <p>The title of ED 27 is helpful (“Duties and Responsibilities of Life Assurance Actuaries”). It should also be relatively straightforward to identify which actuaries the standard applies to and in what circumstances. Again, ED 27 does this well. The use of defined terms seems excessive. For example, in ED 27, only paragraph 3.10 refers to TASs, so it is positively unhelpful to make the inexperienced reader search to the end of the standard to find the meaning of the abbreviation – and then search for the definition of “BAS” – just so that they can understand the meaning of “TAS” used in one paragraph. Why not explain the term “TAS” in full in the single paragraph where it arises? There may be other examples of unnecessary abbreviations. I haven’t searched. It is not always clear which parts of ED 27 are drawn from other regulations and which are new requirements imposed by the Actuarial Profession.</p> <p>It needs to absolutely clear which passages in the proposed standards summarise other regulations; which passages interpret those regulations and which passages create additional requirements of the Actuarial Profession. I don’t think the current draft achieves that. For example, paragraph 3.2.2 says: “SUP 4.3.1R allows a firm to ... Where this is the case, the [actuary] must ... seek written confirmation ...”. That language suggests that the requirement to “seek written confirmation” flows directly from the SUP, but it could be a requirement imposed by the Actuarial Profession through the proposed standard. A similar point applies to paragraph 3.2.1, which refers to the same paragraph in the SUP and imposes a requirement to follow the proposed APS. I am left wondering whether the SUP has anticipated that a standard will be written and requires (in advance) that the standard be followed or is paragraph 3.2.1 additional material written by the Actuarial Profession? I suspect it is the latter, but it isn’t clear. These are the examples of poor clarity which I identified from a cursory glance at this ED. If the authors are minded to act on my comments, they may wish to search for other similar examples.</p>

Response from Working Party

Response

The committee agreed that the use of the phrase 'all reasonable steps' was clear in its meaning. The phrase is commonly used in this context and did not imply an overly burdensome responsibility.

On paragraph 7.2, the committee agreed that it would add clarity to change 'finance director' to 'Chief Financial Officer'.

The committee noted comments querying whether paragraph 1.5 implied that some advice may be given not in accordance with regulations and agreed to amend the wording to clarify the point.

The committee agreed that paragraph 4.5.5 should not be amended as the interests referred to should be considered regardless of whether those interests are viewed as reasonable or not.

Regarding paragraph 4.3.3, the committee felt that the phrase 'must seek to ensure' sets out the appropriate level of responsibility while giving sufficient scope for different responses in a wide variety of situations.

Paragraph 4.6 was included in the draft in order to address issues raised by the Equitable judgement.

Regarding the legal advice referred to in paragraphs 4.6.4/5/6, the committee agreed that although such advice might be sought and received, it might not be taken. The wording was amended accordingly.

On paragraph 6.2, the committee agreed that it would be appropriate to delete the sentence as suggested in order to avoid potential confusion, given that there is no expectation to commit members to the audit code elsewhere.

On testing compliance with the TASs, the committee agreed to insert a phrase into paragraph 6.6.2 regarding generally accepted actuarial practice. The committee felt that it would be inappropriate for reviewing actuaries to check whether there was compliance with the TASs in this situation as the actuary here is working for the auditor and is required to confirm that the basis used for the calculations and the numbers themselves are right. They should not be required to go into such detail regarding drafting.

On the meaning of APS L1, it is a short reference number for 'Actuarial Professional Standard for Life Actuaries #1'.

The Committee noted concerns regarding the definition of BAS standards as set out in the draft, particularly what constitutes a standard. Although the committee remained convinced that the scope and authority of the TASs is key to the effectiveness of the standards, it agreed to make the changes suggested and will refer to the TASs alone.

The Committee noted comments regarding the drafting of paragraph 3.10 in relation to paragraph 2.4 but on reviewing the wording agreed that it had sufficient scope and clarity. However, for completeness, the committee agreed to insert 'the regulations'.

Regarding the purpose of the APS, the committee noted that the roles used in the draft are those defined in the UK. However, firms may operate in a variety of ways both inside and outside UK jurisdiction and it would therefore not be helpful to be too prescriptive on this point.

The Committee agreed that paragraphs 4.4.6 and 4.4.5 addressed the concerns raised regarding clarity around SUP and the APSs.

As regards the review date for APS L1, the committee agreed to change this to 'no later than 1 January 2014' in order to accommodate the final details of the implementation of the European Solvency II regulations while allowing for the review to take place earlier if required.

Members also noted a number of typographical errors which have been corrected.

Paragraph	Original Text	Revised Text
7.2	<p>7.2. Additionally, a Member must not perform conflicting roles in contravention of SUP 4.3.12AR. This would mean, for example, that a Member appointed to be a With-Profits Actuary under SUP 4.3.1 (1) (b) should not also be the finance director (even if not a member of the Governing Body) in a proprietary Firm. Furthermore, a Member must not perform a role for a parent of the Firm which, if it were performed for the Firm, would give rise to a conflict of interest in contravention of SUP 4.3.12AR.</p>	<p>7.2. Additionally, a Member must not perform conflicting roles in contravention of SUP 4.3.12AR. This would mean, for example, that a Member appointed to be a With-Profits Actuary under SUP 4.3.1 (1) (b) should not also be the finance director Chief Financial Officer (even if not a member of the Governing Body) in a proprietary Firm. Furthermore, a Member must not perform a role for a parent of the Firm which, if it were performed for the Firm, would give rise to a conflict of interest in contravention of SUP 4.3.12AR.</p>
1.5	<p>1.5. A Member must take reasonable steps to ensure that his/her principal understands when he/she is providing advice in accordance with legislation, FSA rules and guidance, APSs and BAS Standards, TASs, as opposed to providing advice or expressing an opinion as an employee, director or external adviser, as the case may be.</p>	<p>1.5. A Member must take reasonable steps to ensure that his/her principal understands when he/she is providing advice in accordance with as a result of legislation, FSA rules and guidance, APSs and BAS Standards, TASs, as opposed to providing advice or expressing an opinion as an employee, director or external adviser, as the case may be.</p>
4.6.4/5/6	<p>4.6.4. if appropriate, that the Firm, if it has not already done so, take legal advice with regards to the uncertainty;</p> <p>4.6.5. the extent to which he/she has relied upon any legal advice concerning that uncertainty that the Firm might have taken; and</p> <p>4.6.6. whether in his/her opinion there is any conflict between any legal advice concerning that uncertainty that the Firm has taken, and his/her interpretation of the fair treatment of the Firm's With-Profits Policyholders having particular regard to the Firm's Principles and Practices of Financial Management.</p>	<p>4.6.4. if appropriate, that the Firm, if it has not already done so, take seek legal advice with regards to the uncertainty;</p> <p>4.6.5. the extent to which he/she has relied upon any legal advice concerning that uncertainty that the Firm has taken received; and</p> <p>4.6.6. whether in his/her opinion there is any conflict between any that legal advice concerning that uncertainty that the Firm has taken received, and his/her interpretation of the fair treatment of the Firm's With-Profits Policyholders having particular regard to the Firm's Principles and Practices of Financial Management.</p>
6.2	6.2. The Reviewing Actuary must	6.2. The Reviewing Actuary must carry out

	<p>carry out his/her duties in a manner agreed with the auditor of the entity being audited and must comply with the Actuaries' Code. This APS does not require the Reviewing Actuary to review compliance with audit guidance.</p>	<p>his/her duties in a manner agreed with the auditor of the entity being audited and must comply with the Actuaries' Code. This APS does not require the Reviewing Actuary to review compliance with audit guidance.</p>
6.6.2	<p>6.6.2 in respect of the items within scope, advise the auditor on the methods and assumptions used by the Firm and, in particular, on whether they comply with the requirements of INSPRU 1.2 and, if relevant, INSPRU 1.3; and</p>	<p>6.6.2 in respect of the items within scope, advise the auditor on the methods and assumptions used by the Firm and, in particular, on whether they comply with the requirements of INSPRU 1.2 and, if relevant, INSPRU 1.3 (which includes the requirements in respect of generally accepted actuarial practice) ; and</p>
3.10	<p>3.10.... The adoption of such resulting technical provisions or resilience capital requirement will create a situation where the Member producing the work will be required to report the matter to the FSA in accordance with paragraph 2.4 above.</p>	<p>3.10.... The adoption of such resulting technical provisions or resilience capital requirement will create a situation where the Member producing the work will be required to report the matter to the FSA in accordance with the Regulations paragraph 2.4 above.</p>

4 List of Respondents

Non-confidential responses to the ED 27 consultation were received from the following:

Individuals

1. Andrew Stoker
2. William Hewitson
3. Kevin Doerr
4. Douglas Morrison
5. Ian Woodcock
6. Karen Mauer
7. Simon Carne
8. C V Pountney

5 Appendix 1: Mapping the Actuarial Quality Framework and the Actuaries' Code against APS L1

The left column refers to the particular sections of APS L1;

The middle column refers to the relevant Actuarial Quality Framework (AQF) Drivers which are supported by APS L1;

The right hand column refers to the provisions of the Actuaries' Code (Code) which are supported by APS L1; and

All numerical references relate to paragraph number of either APS L1 or the Actuaries' Code.

APS L1	Actuarial Quality Framework	Reference to the Actuaries' Code
Section 1: Introduction	<ul style="list-style-type: none"> • Technical skills of actuaries • Ethics and professionalism of actuaries • Other factors outside the control of actuaries 	<p>Principle 2: Competence and Care: members will perform their professional duties competently and with care</p> <p>2.2 of the Code relates to 1.3 of APS L1</p> <p>2.1-2.5 of the Code relate to 1.5 of APS L1</p> <p>Principle 3 - Impartiality: members will not allow bias, conflict of interest, or the undue influence of others to override their professional judgement</p> <p>3.6 of the Code relates to 1.4 of APS L1</p>
Section 2: General Obligations	<ul style="list-style-type: none"> • Technical skills of actuaries • Ethics and professionalism of actuaries • Other factors outside the control of actuaries 	<p>Principle 2 - Competence and Care: members will perform their professional duties competently and with care</p>
Section 3: The Actuarial Function Holder	<ul style="list-style-type: none"> • Technical skills of actuaries • Ethics and professionalism of actuaries • Working environment for actuaries • Other factors outside the control of actuaries 	<p>Principle 2 - Competence and Care: members will perform their professional duties competently and with care.</p> <p>2.1-2.4 of the Code are particularly relevant to 3.3-3.9 of APS L1.</p> <p>Principle 3 - Impartiality: members will not allow bias, conflict of interest, or the undue influence of others to override their professional judgement.</p> <p>3.1 of the Code relates to 3.10 of APS L1</p>
Section 4: The With-Profits Actuary	<ul style="list-style-type: none"> • Technical skills of actuaries • Ethics and professionalism of actuaries • Communication of 	<p>Principle 2 - Competence and Care: members will perform their professional duties competently and with care.</p> <p>2.2a) of the Code relates to 4.1, 4.5 and 4.6 of APS L1.</p> <p>Principle 3 - Impartiality: members will</p>

APS L1	Actuarial Quality Framework	Reference to the Actuaries' Code
	<p>actuarial information and advice</p>	<p>not allow bias, conflict of interest, or the undue influence of others to override their professional judgement.</p> <p>3.2 of the Code relates to 4.2 and 4.6 of APS L1</p> <p>Principle 5 – Open communication: members will communicate effectively and meet all applicable reporting standards.</p> <p>5.1 and 5.2 of the Code relate to 4.3, 4.4 and 4.6 of APS L1</p>
<p>Section 5: The Appropriate Actuary</p>	<ul style="list-style-type: none"> • Technical skills of actuaries 	<p>Principle 2 - Competence and Care: members will perform their professional duties competently and with care.</p> <p>2.2a) of the Code relates to 5.1 and 5.2 of APS L1</p>
<p>Section 6: The Reviewing Actuary</p>	<ul style="list-style-type: none"> • Technical skills of actuaries • Other factors outside the control of actuaries • Communication of actuarial information and advice 	<p>Principle 2 - Competence and Care: members will perform their professional duties competently and with care.</p> <p>2.2a) of the Code relates to 6.1, 6.4, 6.5 and 6.6. Also, in general terms to 6.2 of APS L1</p> <p>Principle 5 – Open communication: members will communicate effectively and meet all applicable reporting standards.</p> <p>5.1 and 5.2 of the Code relate to 6.2 and 6.4 - 6.6 of APS L1</p>
<p>Section 7: Possible conflicts of interest</p>	<ul style="list-style-type: none"> • Working environment for actuaries 	<p>Principle 3 - Impartiality: members will not allow bias, conflict of interest, or the undue influence of others to override their professional judgement</p> <p>3.1, 3.2 and 3.4 of the Code relate to 7.2 and 7.4 of APS L1.</p> <p>3.1-3.6 of the Code relate to 7.6 of APS L1</p>
<p>Section 8: Relationship between the Actuarial Function Holder and the With-Profits Actuary</p>	<ul style="list-style-type: none"> • Technical skills of actuaries • Working environment for actuaries 	<p>Principle 2 - Competence and Care: members will perform their professional duties competently and with care.</p> <p>2.4 of the Code relates to 8.1 of APS L1</p> <p>2.3 of the Code relates to 8.2 and 8.4 of APS L1</p> <p>2.1-2.4 of the Code relate to 8.3, 8.5, 8.6 and 8.7 of APS L1</p>

APS L1	Actuarial Quality Framework	Reference to the Actuaries' Code
Section 9: Relationship between the Actuarial Function Holder and the Reviewing Actuary	<ul style="list-style-type: none"> • Technical skills of actuaries • Working environment for actuaries 	<p>Principle 2 - Competence and Care: members will perform their professional duties competently and with care.</p> <p>2.2-2.4 of the Code relate to Section 9 of APS L1</p>