



The Actuarial Profession

making financial sense of the future

Consultation response

The Society of Actuaries in Ireland

**Conflicts of Interests – Pensions
Actuaries**

February 2010

2nd February 2010

Ms Y Lynch
Director Professional Affairs
Society of Actuaries in Ireland
102 Pembroke Road
Dublin 4
Ireland

Dear Yvonne

Consultation – Conflicts of Interests – Pensions Actuaries

I am writing to follow up our telephone call on Friday in connection with the consultation by the Irish Society on Conflicts of Interests – Pensions Actuaries.

The concern we have in the UK profession is in connection with the jurisdiction of any guidance issued by both our actuarial professional bodies.

As many of the actuaries in the Society are also members of the Faculty or Institute, they are subject to the requirements of the Actuaries' Code, which, among many other topics, covers conflicts of interest in general. Furthermore, work is in progress, which may lead to the publication of UK standards on this matter, which may cover all practice areas and/or may cover pensions in particular, in due course. It would be helpful if this eventuality is considered when setting your standard. We are aware of the wording in your documents covering standards in other countries (attached).

Three situations appear to be relevant:

- 1) Actuaries (whether or not they are members of the Society) advising on Pensions Schemes relating only to sponsoring employers and members resident and working in the Irish Republic.
- 2) Actuaries of the Society advising on Pensions Schemes relating only to sponsoring employers and members resident and working in state(s) other than the Irish Republic (e.g. UK).
- 3) Actuaries (whether or not they are members of the Society) advising on Pensions Schemes relating both to sponsoring employers and members resident and working in the Irish Republic and those in other state(s) (e.g. UK).

It is clear that your standard would apply to 1) in any case. At present your standard appears to cover 2), and this is where such actuaries might for the time being after the standard's introduction, have a different approach required of them compared to actuaries from other countries. Furthermore, ultimately Irish actuaries might have to deal with two standards that could conceivably differ in some respect.

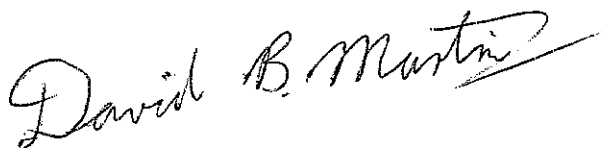
The treatment of 3) may give rise to some further considerations.

Ms Y Lynch
Director Professional Affairs
Society of Actuaries in Ireland

2 February 2010

The position of Irish Society actuaries (particularly, but not solely, those who are also members of the UK professional bodies) acting in UK schemes seems likely to be the main concern, and we believe that this should be given some thought in the wording you ultimately choose.

Yours sincerely

A handwritten signature in black ink that reads "David B. Martin". The signature is written in a cursive style with a long, sweeping underline.

David Martin
Chairman
PREC International Sub-committee

Enc. Extract from PCS

1.8 The PCS places no barrier on the establishment of a corporate practice or of a mixed partnership with members of other professions. A *member* must avoid arrangements which inhibit the *member's* ability to conform to the standards of behaviour, integrity, competence and professional judgement which other *members* or the public might reasonably expect of a *member* (including, but not limited to, the requirements of *professional standards*).

1.9 All *members* must comply at all times with the PCS. This applies even if a *member* is also subject to the standards of another professional actuarial body.

1.10 Actuarial Standards of Practice are relevant to a *member* providing advice in, or carrying out work in, a jurisdiction outside the Republic of Ireland as follows:

a) If the jurisdiction is one for which an International Actuarial Association (IAA) member association has published directly relevant standards or guidance, the *member* must follow the relevant standards or guidance (provided it does not conflict with any of the requirements of the PCS) and need not have regard to any Actuarial Standards of Practice in respect of that issue.

b) If the jurisdiction is one for which no IAA member has published relevant standards or guidance, the *member* must:

- subject to there being no conflicting legal requirements, apply any Actuarial Standard of Practice which is prescribed as relevant for members working outside the Republic of Ireland, or
- if there is no prescribed Actuarial Standard of Practice, identify which Actuarial Standards of Practice are potentially relevant and decide whether there are any underlying principles which should be applied.

1.11 *Members* working outside the Republic of Ireland are strongly encouraged to join any relevant local professional actuarial body whenever it is appropriate, having regard to the nature of their work, to do so. If the requirements of a local actuarial body to which the *member* belongs appear to conflict with the PCS or any other relevant *professional standards*, the *member* should normally seek advice from a *senior actuary* and, if that does not resolve the matter, seek guidance from the Society.

2 PROFESSIONAL STANDARDS

2.1 The actuarial profession has an obligation to serve the public interest. Collectively it seeks to do so by informed contribution to debate on matters of public interest and by influencing those with power to protect and enhance the public interest. Individually *members* must maintain and observe the highest standards of conduct. The standing of