Why be a member of the Actuarial Profession?

• Technical skills, but crucially
• A member of a regulated profession.
• This assurance of standards and quality is an actuary’s USP.
Overview

• The regulatory context
• The Profession’s approach
• Our current and future agenda
• Happy to answer questions at the end.

The Regulatory Context

• Is complex – POB, BAS, the FSA, tPR, PPF, Lloyds.
• Is constantly changing: institutional changes and changes in styles of regulation.
• A constant consideration is the need to balance the public interest in effective regulation with proportionate regulation.
The “public interest imperative”

- Rising importance over recent decade.
- FRC focus (both BAS and POB).
- POB’s focus on the “working environment”, and
- Core to being a profession and a professional.

Implications for self-regulation

- Trust in the body and its members is fundamental.
- 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.
Actuarial Quality Framework – set by POB

- Reliability and usefulness of actuarial methods.
- Communication of actuarial information and advice.
- Technical skills of actuaries.
- Ethics and professionalism of actuaries.
- Working Environment for actuaries.
- Other factors outside the control of actuaries.
- The Profession tests its regulation against these indicators.

Our response - PREC’s approach

- Principles rather than rules-based.
- Actuaries are grown up; professional judgement is to be valued.
- Better regulation principles – clear, targeted, proportionate, etc..
- We will engage with all our stakeholders, and
- We will develop mutual respect, especially with our regulators.
Principles-based guidance

• Does not imply an absence of rules.
• Exercising of judgement – key to being professional.
• Recent criticisms of principles-based guidance tend to relate to policing and enforcing, rather than the concept itself.

Regulation by the Profession

• Lighter touch.
• Less costly.
• More focussed on the issues from an actuarial perspective.
• Better for the member, firm and the public interest.
3 Pillars of a profession

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

All three support the overarching values embedded in the culture of a profession.

PREC Current Work Programme

- Actuaries’ Code and its implementation.
- Working with PECs re BAS TASs and transition.
- CPD – phased implementation.
- Review of Practising Certificates regime.
- Begun work on:
  - Quality Assurance – regulation through firms
  - Conflicts of Interest
  - Whistle-blowing
Board for Actuarial Standards (BAS)

- Transition to new TAS regime
- Helping BAS to get the TASs right
- Ensuring they are known and understood
- Checking compliance – GN48 and peer review.

BAS implementation timetable including draft plan for 2010/11

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November 2010
CPD Scheme

- All members of the profession represent the profession.
- Actuaries should be committed in the public interest to keeping their skills and knowledge up to date.
- CPD can help achieve this, as long as it is appropriate to the individual – individual is best placed to judge their own needs.
- Inclusion of private reading within the verifiable element reflects different learning styles of individuals – private reading can be a productive route to learning.
- Investigating moving from an inputs based CPD towards an outcome based Scheme.
- Executive Sanctions

Planned Programme

Also includes:

- Review of Professionalism training and courses.
- Skill sets for Actuaries and CPD (phase 2).
- Review of Membership Rules.
- Interpretation Service.
- International regulatory issues.
International Regulatory Issues

• Full and Partial Regulation
• Overseas Standards
• MRA Review
• International CPD Accreditation
• Overseas CPD

Professional Quality Assurance

• POB’s focus on the “working environment”.
• Shared interest in enhancing the actuarial product.
• Work together: increase benefit and reduce “drag”.

Could AP and employers, working together, create -
• A Quality Assurance regime for the Profession?
What might we include?

- Best practice methodologies.
- Accreditation of training and CPD programmes.
- Enhanced peer review.
- A defined role for the Senior Actuary.
- Ongoing involvement of firms in policy development.
- Recognition of firms.
- But focus would still be on regulating individuals.

Conclusion

- A fast-changing and exciting time.
- AP’s reputation has survived the “credit crunch” relatively intact.
- But we can’t relax.
- Our aim is to ensure you can continue to be proud of your profession and that the public can continue to be confident in trusting you.
Your questions and your views .................