



Institute  
and Faculty  
of Actuaries

# CP16/18: Changes to Disclosure Rules – PRIIPs Regulation

IFoA response to the Financial Conduct Authority

19 September 2016

## **About the Institute and Faculty of Actuaries**

The Institute and Faculty of Actuaries is the chartered professional body for actuaries in the United Kingdom. A rigorous examination system is supported by a programme of continuous professional development and a professional code of conduct supports high standards, reflecting the significant role of the Profession in society.

Actuaries' training is founded on mathematical and statistical techniques used in insurance, pension fund management and investment and then builds the management skills associated with the application of these techniques. The training includes the derivation and application of 'mortality tables' used to assess probabilities of death or survival. It also includes the financial mathematics of interest and risk associated with different investment vehicles – from simple deposits through to complex stock market derivatives.

Actuaries provide commercial, financial and prudential advice on the management of a business' assets and liabilities, especially where long term management and planning are critical to the success of any business venture. A majority of actuaries work for insurance companies or pension funds – either as their direct employees or in firms which undertake work on a consultancy basis – but they also advise individuals and offer comment on social and public interest issues. Members of the profession have a statutory role in the supervision of pension funds and life insurance companies as well as a statutory role to provide actuarial opinions for managing agents at Lloyd's.



Susan Cooper  
Banking, Lending and Distribution  
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Financial Conduct Authority  
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19 September 2016

Dear Susan

**IFoA response to CP16/18: Changes to Disclosure Rules – PRIIPs Regulation**

1. The Institute and Faculty of Actuaries (IFoA) welcomes the opportunity to respond to the FCA's consultation on the proposed changes to the disclosure provisions within the FCA Handbook, in preparation for the direct application of the packaged retail and insurance-based investment products regulation. Members of the IFoA's Life Standards and Consultations Subcommittee and Life Board have been involved in the drafting of this response. Members of this Committee and Board work for insurers active in the investment product market.
2. Our response is limited to one of the consultation questions, as below.

**Q13: Do you agree that we should clarify firms have the option to provide personalised projections?**

3. Paragraph 3.52 of the consultation paper explains that the provision of personalised projections is compatible with the PRIIPs Regulation, noting that personalised projections may help improve investors' understanding of the potential outcomes relevant to them. The paragraph goes on to explain that firms would be allowed to provide personalised projections separate to those within the Key Information Document (KID).
4. We agree that personalised projections are useful, but note that using separate generic projections within KID disclosure could cause confusion. In particular, the expected investment returns underlying the personalised and generic projections, and quoted figures, would be different. We therefore suggest that KID disclosure also be produced using personalised rather than generic projections.

Should you want to discuss any of the points raised please contact Steven Graham, Technical Policy Manager at [Steven.Graham@actuaries.org.uk](mailto:Steven.Graham@actuaries.org.uk) or on 020 7632 2146 in the first instance.

Yours sincerely,

Fiona Morrison  
**Immediate Past President, Institute and Faculty of Actuaries**