


Institute and Faculty of Actuaries

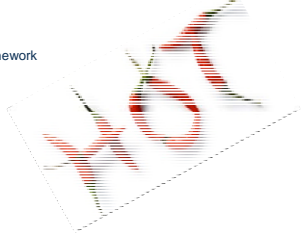
Update on Professional Regulation Hot Topics

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Update on Regulatory Hot Topics

- What is the IFoA's Regulatory Regime and what does it mean for you in practice?
- Some key areas to update you on
 - CPD requirements
 - APS X2 – work review requirements
 - New technical actuarial standards framework
- What does the future hold?



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IFoA as a Regulator

Royal Charter

"The objects of the Institute and Faculty of Actuaries shall be, in the public interest, to advance all matters relevant to actuarial science and its application and to regulate and promote the actuarial profession"

- Profession empowered to regulate itself
- Sets codes and standards, provides guidance and education, operates a disciplinary scheme
- Oversight and technical standards setting by Financial Reporting Council in the UK

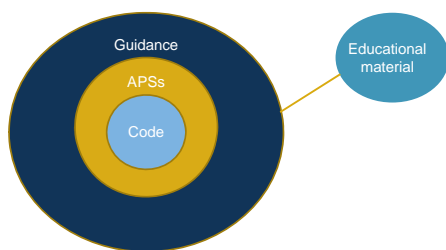
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IFoA's Regulatory Framework

- The IFoA's existing standards framework is broadly made up of:
 - the Actuaries' Code
 - Actuarial Profession Standards (APSs)
 - Guidance Notes (GNs) and
 - Non-mandatory resource material
- CPD Scheme
- Practising Certificates issued for roles in pensions and insurance
- Quality Assurance Scheme for Organisations
- The FRC produce Technical Actuarial Standards (TASs) for the UK

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IFoA's Standards Framework - structure



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So why is this a positive thing...?

- Regulatory framework protects the reputation of the profession and its members as well as the public/users
- Demonstrates the high level of standards to which IFoA members work
- Promotes quality actuarial work and professional behaviour
- Publications (including regulatory measures) intended to help our members in meeting the standards expected and required of them



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CPD Scheme Requirements



- What is CPD?
- What do I need to do?
- Recording
- Evidencing
- In-house CPD events

CPD is:

Learning which is relevant to the nature of the member's work or role and which addresses a personal development need.

2015/2016 CPD Scheme



CPD Categories

- Category 1 – practising certificate holders
- Category 2 – all other fully regulated Fellows and Associates
- Category 3 – partially regulated Fellows and Associates
- Category 4 – Certified Actuarial Analysts
- Category 5 – Students
- Category 6 – Student Actuarial Analysts
- Category 7 – Retired members
- Category 8 – Honorary Fellows and Associates

Category 1 – PC holding Fellows

- 30 hours in total
- 20 hours relating to technical learning
- 2 hours of 'professional skills' activities (i.e. Stage 3 PST)
- 4 hours of business skills or additional professional skills

Must:

- Complete before applying for renewal of practising certificate
- Retain evidence for two years

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Category 2 – Fellows (non-PC) and Associates

- At least 15 hours of activities
- At least five hours of external events
- Relevant stage of the PST – either Stage 2 or 3

Must:

- Complete by 30 June
- Record by 31 July
- Retain evidence for two years

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Category 5 - Students

- No technical skills requirement
- Must complete Stage 1, 2 or 3 of the PST, as relevant

Must

- Complete by 30 June
- Record any Stage 3 PST activity by 31 July
- Retain evidence for two years



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Evidence of learning activities

Evidence is:

Written evidence of participation in the CPD activity recorded which includes but is not limited to:

- A signed register of attendance
- A certificate of vouching for the completion of a course or activity
- Hard copies of lectures or presentations delivered by the member
- Articles or papers written for publication
- Written confirmation from a provider of an on-line resource.

2015/2016 CPD Scheme

APS X2: Review of Actuarial Work

- Cross practice standard
- No geographic restrictions
- Applies to *all* types of members
- Principles, not rules, based
- In force since 1 July 2015



The requirements

- Requirement to **consider** applying Work Review to **Actuarial Work** for which a Member is responsible
- Requirement to consider, in particular, whether Work Review should take the form of **Independent Peer Review**
- Presumption that the Member **should**, to the extent **appropriate and proportionate**, ensure that Work Review is applied



Key terms

- Consider
 - Must apply one's mind to the issue
 - Factors set out in Para 1.3
- Work Review

"Process by which a piece of Actuarial Work ... is considered by at least one other person for the purpose of providing assurance as to the quality of the work..."

 - Intentionally wide
 - Spectrum of types of review
 - May be review by a non-actuary

Key Terms

- Independent Peer Review
 - Form of Work Review
 - Specific requirements for individuals carrying out the review
 - Not otherwise involved in the work AND
 - Would have had the appropriate expertise
- Appropriate and proportionate
 - Objective test
- *Should* apply...
 - Presumption that it will be applied unless there are circumstances to justify another approach

Requirements broken down...

- Actuarial Work

"Work undertaken by a Member in their capacity as a person with actuarial skills on which the intended recipient of that work is entitled to rely. This may include carrying out calculations, modelling or the rendering of advice, recommendations, findings or opinions"

 - Broad definition
 - May include unpaid work, academic work, non-executive work
 - Falling within definition doesn't necessarily equate to a review process being applied... requires 'consideration' of it and may trigger presumption.

Specific requirements

- Must take place at a time capable of influencing the conclusions and outputs of the work ("hot")
- Clarity of roles for those involved in the process
- Must be in a position to justify the approach taken



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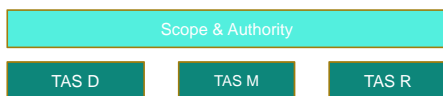
New TAS Framework

- FRC review of the TAS framework for the UK
- 2014 consultation on a new TAS100
- May 2016 - published revised specific TASs for consultation and a revised version of TAS100

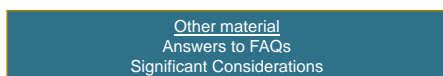
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Current framework

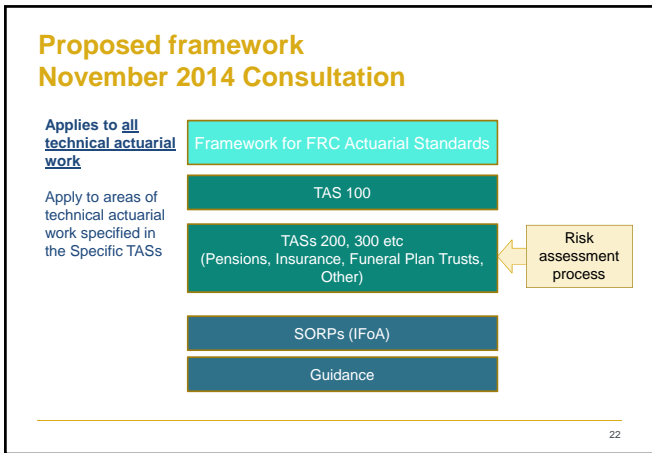
Apply to Reserved Work and areas of actuarial work specified in the Specific TASs



Apply to areas of actuarial work specified in the Specific TASs



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Specific TASs

Three TASs	Pensions, Insurance and Funeral plan trusts – in future could be others
Scope	Work where there is a high degree of public interest – identified using new risk assessment
Provisions	Support six TAS 100 principles
Design principles	Eg risk based, no duplication with other regulation

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Timescale



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What will the future look like?

- APS X1 – particularly relevant for those carrying out non-UK work
- Risk outlook and 'risk alerts'
- Review of the Actuaries' Code
- Review of the criteria and process for Practising Certificates



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Questions and comments ?



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The not-so-trivial (but definitely tenuous) pursuit of compliance with professional regulation requirements...



24 May 2016

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GEOGRAPHY

Which of the following statements is true? The requirements of APS X2 apply:

- a) Only where the Member responsible for the work is physically located in the UK
- b) Only where the User is based in the UK
- c) To all actuarial work for which a member is responsible regardless of where the Member is based or the work is carried out



24 May 2016

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There are no geographic restrictions on the requirements of APS X2

24 May 2016

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HISTORY

The new APS X2 will be introduced as the IFoA's first cross practice requirements for review and the existing APS P2 requirements for scheme actuaries will be removed. Which of these phrases best describes the new requirements under APS X2:

- a) Principles based
- b) Rules based



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APS X2 is different to APS P2 in that its requirements are principles based rather than providing a prescriptive list of rules setting out how and when review should be applied

SCIENCE AND NATURE

You take 9 months off work to go to photograph rare birds in the depths of the rain forest.

Assuming the 9 months falls within the same CPD year, how many hours of CPD do you need to complete?

- a) 5 hours – of which a minimum of 2hours must be at external events
- b) None
- c) 15 hours – of which a minimum must be at external events



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Members who are absent from work for more than 6 consecutive months in any one CPD year may apply for a partial exemption. If granted, Members in Category 2 and 4 must complete 5 hours of CPD of which 2 hours must be obtained at external events.

ENTERTAINMENT

You sit with a glass of wine of an evening watching a video for a couple of hours about speaking up if you have concerns about a colleague's drinking. Can this count towards your annual CPD requirement?

- a) Yes
- b) No



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The answer is "yes" because :-

- Category 2 and 4 members may count it as private study and record learning outcome to verify activity
- Could count as Stage 3 PST if meets the conditions set out at section 3 of Schedule 3 to the CPD Scheme
- If watch with other members (not colleagues) and discuss issues arising, may count as an external event

ARTS AND LITERATURE

Members of the IFoA involve themselves in a wide range of different types of work. For example, they might write racy fictional novels in which the main characters are actuaries... APS X2 applies in relation to Actuarial Work. Which of the following statements is true?

- a) For work to be Actuarial Work for the purposes of APS X2 it must involve the carrying out of calculations
- b) Only paid work falls within the scope of Actuarial Work for the purposes of APS X2
- c) Actuarial Work is any work undertaken by a Member in their capacity as a person with actuarial skills on which the intended recipient is entitled to rely



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- b) Only paid work falls within the scope of Actuarial Work for the purposes of APS X2
- c) **Actuarial Work is any work undertaken by a Member in their capacity as a person with actuarial skills on which the intended recipient is entitled to rely**

This might include, for example, volunteering work for IFoA Boards and Committees

SPORTS AND LEISURE

In basketball, players are limited to the amount of time they can remain in the key. There is also a time restriction for a work review in terms of APS X2. True or false?

- a) True
- b) False



SPORTS AND LEISURE

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- a) True (sort of)
- b) False

There is no time limit for review processes but while 'cold review' was acceptable for the purposes of Type 2 review under APS P2, a Work Review for the purposes of APS X2 should be carried out at a time such as to be capable of influencing the conclusions and outputs of the work.
