



GN30: Compensation for Professional Shortcomings Working Party - members and Chair

Terms of Reference

As members will be aware, the IFoA has in place a process for the periodic review of its standards and guidance. In line with this process, a review of GN30 is now due.

Background

Guidance Notes (GNs) are an older form of actuarial practice standard that contain mandatory requirements and guidance material. Following the Standards Framework Review in 2016, it was determined that those should gradually be replaced by the newer style Actuarial Profession Standards (APS), with a view to simplifying standards and moving towards a more principles-based framework.

GN30 is one of two GNs still in place. It came into effect on 1 September 1997 in order to protect the public interest as the profession developed beyond the traditional areas of insurance and pensions.

It contains a mandatory requirement for Members to have in place appropriate arrangements to cover loss caused by negligence. Such arrangements can include the resources of the actuary, the resources of the actuary's employer or professional indemnity insurance (PII).

Previous review

In 2008, consideration was given to whether GN30 was still relevant and adequately fulfilling its purpose. At that time, it was decided that no changes were required.

The current position

Since the review in 2008, the regulatory framework has changed significantly, with a move towards simplified, principles-based standards, and the IFoA membership has become increasingly global.

With regard to other national/international actuarial regulators, in 2019 the Australian regulator is set to scrap a requirement for its members to have PII (on the basis that such cover is a commercial decision for actuaries to make). Taking note of that change, the review of GN30 will also consider the wider issue of PII requirements for IFoA Members.

Purpose of review

To carry out a review of GN30 and recommend changes, as appropriate, to the Regulation Board.

Key responsibilities

1. To undertake a wide-ranging and substantive review of GN30's form and content to determine whether it remains fit for purpose.
2. To consider, in particular:
 - a. Whether GN30 is fit for purpose in the current regulatory framework applying to IFoA Members.

- b. Whether GN30 appropriately reflects the international nature of IFoA membership.
 - c. Whether GN30's obligations should remain mandatory, become mandatory for some Members or become advisory for all Members.
 - d. Whether, taking into account affordability, PII should be mandatory for some or all Members, with particular consideration given to those providing consumer-facing services, such as expert witness work.
 - e. Whether, if PII were to become mandatory, there would be an obligation on the IFoA to facilitate purchase of cover by recommending, or providing details of, particular insurers.
 - f. Whether, in any event, the IFoA should assist Members in procuring PII by recommending, or providing details of, particular insurers.
 - g. Whether actuarial regulators in other countries place a duty on Members to have measures in place to compensate for professional shortcomings.
 - h. What similar measures are in place for other professions, such as chartered accountants or chartered tax advisers, and whether any such models might be relevant to regulation of the membership.
3. To make recommendations to the Regulation Board for changes to GN30, if appropriate.
 4. To oversee roll-out and implementation of any changes to, or withdrawal/replacement of, GN30.

Membership

Chair: TBC

Executive support: Ben White, Regulatory Lawyer

Members: four to five Actuary Members (ideally to include one from a small firm, one consumer-facing sole practitioner, one from a medium-to-large consultancy and one in-house at a large insurer or pensions company) and one lay person.