FRC Developments

The Groupe has observer status at the Actuarial Council which advises the Codes and Standards Committee of the UK Financial Reporting Council (FRC http://www.frc.org.uk). The FRC is a public body responsible for promoting high quality corporate governance and reporting to foster investment. It added regulation of actuaries to its existing remit in respect of auditors/accounting following the Morris inquiry into the UK actuarial profession. A full suite of technical actuarial standards (TAS) was completed in 2012.

In 2013 the FRC undertook a comprehensive review of the risk to its objective arising from the work of actuaries. This review broadly confirmed what have been three main themes in the recent evolution of regulation of actuaries by the FRC:

- The FRC in its own right has very limited perspective on the degree to which its standards are positively influencing the quality of actuarial work as perceived by direct and indirect commissioners of such work.

- The distinction between technical standards (FRC responsibility) and ethical standards (Institute and Faculty responsibility) is barely workable and considerable dovetailing is needed in practice.

- Developments in regulatory strategy, such as monitoring quality at the level of firms and exercising influence in the international context are likely to be best addressed jointly by FRC and Institute and Faculty.

The FRC and Institute and Faculty have therefore developed an increasingly collaborative relationship of late. Specifically both will be involved in a comprehensive review of the suite of TAS initiated in 2013. The other main initiative by the FRC is informal joint forum with regulators with a probable common interest in actuarial quality (Prudential Regulation Authority, Financial Conduct Authority and Pensions Regulator) also being initiated in 2013.

The FRC continues to monitor international developments:

- IAA and GC draft and final standards;

- Rules and guidelines related to Solvency II (insurance and potentially pensions);

- IASB exposures etc.

The Standards and Freedoms Committee should seek to elicit the Institute and Faculty perspective on the work of the FRC, including considering whether or how the Groupe should relate to the FRC in future.

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