

## **Actuarial Association of Europe**

### **Professionalism Committee Meeting, Autumn 2019**



Institute  
and Faculty  
of Actuaries

<b>Subject</b>	Update on the activities of the UK's Institute and Faculty of Actuaries (IFoA)
<b>Meeting</b>	11 October 2019 AAE meetings, Vienna, Austria
<b>Author</b>	Judith Joy, Regulatory Lawyer, IFoA
<b>Reviewer</b>	Emma Gilpin, Head of Regulatory Policy, IFoA

### **Background**

1. This note provides an update on recent standards and professionalism activities of the UK's Institute and Faculty of Actuaries (IFoA).
2. The IFoA is responsible for the regulation, in the public interest, of all of its members worldwide.
3. By agreement with the IFoA, the UK's Financial Reporting Council (FRC) sets technical standards in respect of work that is within UK geographic scope while the IFoA remains responsible for setting technical standards in respect of work carried out by members outside the UK. The IFoA's regulatory functions in the UK are also subject to independent oversight by the FRC. This arrangement is currently subject to review (see below).
4. Further information on any of these activities can be obtained from Emma Gilpin at the meeting or by email: [emma.gilpin@actuaries.org.uk](mailto:emma.gilpin@actuaries.org.uk)

### **Update**

#### **Monitoring of Actuarial Work**

5. The Actuarial Monitoring Scheme (AMS) was launched on 20 September 2019 with the announcement of two thematic reviews as part of the Thematic Review Programme (TRP).
6. The purpose of the AMS is to gather information about the work being carried out by IFoA Members, to use that information to provide evidence of the quality of actuarial work, to promote best practice and, as appropriate, to develop and adapt training, education, standards and guidance.

7. The first two review topics (to be carried out in 2020) are:
  - Actuarial factors used to calculate member benefits (Pensions); and
  - Role of actuarial advice in pricing of specific GI products (General Insurance).
8. The IFoA is setting up a new team to lead on the AMS, including the recruitment of experienced senior actuaries,

### **Quality Assurance Scheme (QAS)**

9. The IFoA's QAS for employers of actuaries now has 40 organisations holding the accreditation across the globe. This includes employers in Malaysia, Singapore, Hong Kong, Indonesia, Thailand and Dubai.

### **Review of Continuous Professional Development (CPD)**

10. A substantive review of CPD requirements for IFoA members has started with a view to a new scheme being in place for the 2020/21 CPD year. This will include a review of the appropriate requirements for recording as well as monitoring compliance.
11. The review will also draw on the findings of the pilot of the outcomes focused CPD scheme, which has been conducted in several QAS accredited organisations over two CPD years.

### **Data Science**

12. Guidance on ethical issues relating to data science was published on 7 October by the IFoA in collaboration with the UK Royal Statistical Society.

### **APS X4: Actuarial work in the financial analysis of social security programmes**

13. The consultation on the proposed Actuarial Profession Standard (APS) X4 which adopts the terms of International Standard of Actuarial Practice (ISAP) 2 for members doing work outside the UK geographic scope closed on 17 July. The working party is reviewing the feedback and it is expected that the final APS will be published in November.

### **APS X5: Requirements relating to Professional Indemnity Insurance (PII) and other 'appropriate arrangements'**

14. The IFoA is planning to consult shortly upon a new standard to replace an existing Guidance Note (GN3) which imposes requirements relating to 'appropriate arrangements' to ensure compensation for professional shortcomings (for example, professional indemnity insurance).

### **Conflicts of Interest and Speaking Up**

15. The IFoA previously published revised guidance for its members on conflicts of interest and speaking up and is not working on further resources for its members in the form of case-studies and guidance for employers of actuaries.

**Risk Alert: Disclosure of information relating to models.**

16. The IFoA published a new “Risk Alert” in May 2019 reminding members of their duty to disclose to their own client, and in some circumstances, fellow actuaries, an appropriate level of information in relation to the model that they are relying on.

**Professional Skills materials**

17. The 2019/20 professional skills videos were launched on 20 September. This included 9 videos plus follow-up discussion videos. This content is for the IFoA’s Stage 3 Professional Skills Training for Experienced Members (qualified members and some longer term Student members).
18. The redevelopment of Stages 1 and 2 (pre-qualification level) is ongoing, and will be launched in 2020.

**Independent Review of the Financial Reporting Council (FRC)**

19. Following an independent review into the FRC by Sir John Kingman, concluded in late 2018, the UK Government (through Her Majesty’s Treasury department), have been looking at the appropriate arrangements for the regulation of actuaries (and actuarial work) in the UK, in light of the recommendation that the FRC should be abolished and a new statutory regulatory set up to look at audit, financial reporting and corporate governance.
20. It had been anticipated that consultation on proposed new arrangements would be published by the UK government the autumn but that timing is currently uncertain in light of wider political issues.