

## Institute and Faculty of Actuaries

### Noting report

<b>Subject</b>	IFoA Executive update
<b>Regulatory Board meeting</b>	8 February 2022
<b>Author</b>	Executive Team
<b>International Issues considered?</b>	Yes
<b>Purpose</b>	Noting

#### A: INTRODUCTION

1. This paper provides an update on the work of the IFoA Executive Team since the last meeting of the Board (in November 2021) and highlights key issues and developments for the Board to note.
2. **PLEASE NOTE:** Board Members are asked to let the Board Secretary know **at least three days in advance** if there are aspects of the update paper that they would like to discuss, so that appropriate time can be allocated in the agenda and the appropriate member of the Executive team can arrange to attend the meeting.

#### B: KEY DEVELOPMENTS

3. The **new Practising Certificates Scheme** has now been published alongside the proposed Competency Frameworks for Scheme Actuary and Chief Actuary, with an opportunity for members to provide feedback. The remaining Competency Frameworks are in development and should be published shortly. The consultation feedback document has also been published with some short FAQs, while the new PC Handbook and forms are being developed for publication in April. Following further, last minute, intervention by the FRC - a small change was made to the PC Scheme, although that ought not to change the substance of the Scheme's requirements and there will be opportunity for further refinement before publication of the final version of the Scheme in April. A further update can be provided orally at the meeting.
4. Confirmation of the **changes to the UK Practice Modules** has now been published, with the Lifelong Learning Team working on the details of how those will operate in practice. The announcement was aligned with publication of the details of the proposed new PC Scheme.
5. There is still no indication of the likely timings for publication of the next stage of the **HMT review of actuarial regulation** nor of the form that the next publication will take. There has been one further meeting with HMT since the last meeting of the Board. This was an introductory meeting between IFoA colleagues and the new HMT representative that has taken over responsibility for the review. The IFoA has engaged the services of an external Public Affairs consultancy to advise on its strategy around the review and there has been a range of activity aimed at influencing the outcome of the review. This includes meeting with and writing to stakeholders, including elected officials.

6. The IFoA has now published the final version of its **Diversity, Equity and Inclusion strategy** . As discussed at the Board's November meeting, there are a range of regulatory commitments in that strategy and that work is being included in the Board's forward work plan.
7. In November, the **FRC published a Position Paper** in response to its call for feedback on the Technical Actuarial Standards (TASs), as part of its post implementation review process. The position paper indicates that there will be some changes made to the TAS 100, with consultation later in 2022 and also proposes that the TAS 100 guidance (issued by the IFoA) should be revised. This proposal around changes to the IFoA's guidance will be discussed further with the FRC. There was no specific response from the FRC to the submissions to the Call for Feedback that were provided by the Board, either privately or in the Position Paper. This issue has been raised by the Board Chair with the FRC's CEO.
8. A working party has been set up by the **Joint Forum on Actuarial Regulation (JFAR)** to begin the annual refresh of its **Risk Perspective document**. The IFoA will be represented on the working party and the update is likely to be published in the summer. The first meeting of the group was on 3 February.
9. A meeting with the Prudential Regulation Authority (PRA) to discuss issues relating to actuaries appointed as experts in **Part vii Transfers** is being arranged for February. This will also now include the FCA and FRC (at their request) and will cover the recent PRA consultation on the topic.
10. **Phase 3 of 4 (interim report and recommendation) of the Assessment Regulations Review** is underway, with an interim report coming to this Board on 22 March. Preliminary comments from MB and FRC will support that discussion. Phase 4 (review of the final process appeal stage) is being run concurrently.
11. **The consultation on possible changes to the regulatory framework** to reflect issues around sustainability and climate change has now closed. A report on the outcome of the consultation, along with recommendations is included in **paper 6** for discussion under **item 6 of the agenda**. Discussions have also taken place with the FRC about their plans around the technical standards in this area and that is also covered in the paper.
12. **The thematic review on Equity Release Mortgages** was launched in early December following positive engagement activity with potential participants. The submission window is open until early March, with materials available on the **AMS section of the IFoA website**.
13. The PRA has published a **'Dear CEO' letter** setting out its key priorities for UK insurance business in 2022. The letter covers themes relating to Resilience, both financial and operational (in particular as the economy recovers from Covid-19), financial risks from climate change, Regulatory developments (principally from post-Brexit activity) and Diversity and Inclusion. All of these will have potentially significant impacts on our members working in the insurance sector.
14. The FRC has published its **three year Plan and Budget** for its transition to ARGA.
15. The Professional Skills Sub-Committee's (PSSC) annual report is provided separately at agenda item 11.1. A further publication of online resources (video case studies and supplementary materials) is due to be published at the end of March 2022. This will be the second of two scheduled content releases for the current CPD year. The PSSC is working with members of the Sustainability Board to develop content on sustainability issues for publication in September 2022 (i.e. for the next CPD year).
16. **The independent Regulatory Appointments Committee (RAC)** is recruiting for the Disciplinary Committee (DC) Chair role. The recruitment for a new actuary member of the DC is ongoing and

it is hoped an appointment will be made shortly. Jim Webber and George Russell, actuary members of the DC were due to stand down at the end of December 2021. It was agreed by the DC and Regulatory Board Chairs that their appointments on the DC would be extended for a maximum of a further 3 months, or earlier dependent on the date the DC approves the revised Disciplinary Scheme Rules and Regulations which is expected on 23 March (as they were both heavily involved in the approval of the recommendations from the Working Party).

**C: KEY PLANNED ACTIVITIES FOR NEXT PERIOD (UP TO NEXT BOARD MEETING)**

17. In addition to work mentioned above, over the next period, we anticipate the following key activities:

- Development of the detailed new documents to support the new PC Scheme and discussions with other parts of the IFoA about agreed steps (e.g. re CPD opportunities and support)
- Publication of outcome of consultation on possible changes to regulatory framework to reflect climate change and sustainability and work on any steps agreed by the Board.
- Interim report provided on the review of Part II of the assessment regulations
- Finalisation of proposed new Disciplinary Scheme
- Work to begin on review of regulatory framework in relation to DEI.
- Proposals for changes to regulatory appointments process put to Council for decision.
- Development of the details of the CDC Scheme Actuary PC.
- Launch of the refreshed Quality Assurance Scheme (QAS)
- Publication of the AMS Thematic Review report on Funeral Plan Trusts.
- Work on the AMS post-implementation review
- Recruitment of DPB Manager and beginning the review of DPB regime