



Institute
and Faculty
of Actuaries

Regulatory Policy Statement

by the Regulatory Board

October 2021

IFoA REGULATORY POLICY STATEMENT

Background

1. In accordance with its Royal Charter, the Institute and Faculty of Actuaries (the IFoA) has responsibility for regulating the actuarial profession in the public interest.¹
2. In carrying out that regulatory role, the IFoA is committed to the following approach:

Regulation of the actuarial profession in a way that promotes the public interest by holding Members to high standards of professional competency and conduct.

(The IFoA's Regulatory Purpose)

3. This policy statement sets out the way in which the IFoA will give effect to that Regulatory Purpose.

Regulatory rationale

4. The IFoA undertakes its regulatory role, first and foremost, in the public interest. Fundamentally, this is about taking steps to protect consumers and the public, but it extends also to assuring public confidence in the profession.
5. The IFoA and its individual Members have a shared investment in the public interest and in doing good through upholding high standards and helping to address society's biggest challenges as a trusted thought leader.
6. From a regulatory perspective, the public interest is promoted by maintaining high standards of actuarial work and the professionalism of the actuaries who deliver it.
7. Effective regulation serves both the public and the profession in maintaining and enhancing its collective reputation.

Scope of regulation

8. The IFoA imposes core professional standards and values upon all of its Members, whether based in the UK or elsewhere. In doing so, it focuses on regulatory outcomes and recognises that a different approach may be required in different geographies and markets.
9. Additionally, it has wider responsibilities in relation to the regulation of the UK actuarial profession, including specific responsibilities supporting the statutory regulation of those involved in key public interest actuarial roles and activities.
10. Under the terms of a Memorandum of Understanding² with the IFoA, the UK's Financial Reporting Council (FRC) also has a role in relation to the regulation of IFoA Members through:
 - a. The setting of Technical Actuarial Standards (TASs) for work that is within UK Geographic Scope³
 - b. Independent oversight of the IFoA's UK regulation of its Members; and
 - c. Operation of an actuarial disciplinary scheme for cases that appear to raise 'important issues affecting the public interest in the UK'.
11. The IFoA supports the FRC's TASs by requiring its Members to comply with them when carrying out work within UK Geographic Scope.⁴

¹ Our Royal Charter provides that: "*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*".

² <https://www.frc.org.uk/getattachment/26342411-6444-4bce-928c-87511bd54818/MOU-IFoA-and-FRC-July-2014.pdf>

³ Defined at Section 5.5 of the FRC's Framework for Technical Actuarial Standards (2016).

⁴ Section 3.1, APS X1.

Approach to regulation

12. The IFoA seeks to undertake its regulatory role in accordance with the Principles of Good Regulation.⁵ These principles require that regulation is:

- a. **Proportionate** – such that regulatory intervention is undertaken only to the extent necessary and appropriate to the risk.
- b. **Accountable** – the IFoA should be ready to justify regulatory action (and inaction) and should be, and be seen to be, open to scrutiny by the public as well as its Members.
- c. **Consistent** – regulatory action (and inaction) should be coherent, according to a clearly defined and comprehensible policy.
- d. **Transparent** – regulation, and the process by which it is determined, should be clearly articulated and readily comprehensible.
- e. **Targeted** – regulatory action should be focused on identified problem(s), such as to minimise side effects.

13. Consistent with these principles, the IFoA aims to undertake its regulatory role in a way which is:

- a. **Principles-based and outcomes-focused**
Regulatory action should focus on solving a specific problem, but permit reasonable flexibility as to how this is achieved. The emphasis is on resolving the actual cause of public interest concern, and steers away from process-focused and ‘tick-box’ models.
- b. **Risk-based**
Regulation will be driven by a risk-based approach, targeting measures at areas of most risk to the public interest.
- c. **Agile**
Regulation will be designed to adapt to the changing external environment and the increasingly diverse nature of actuarial work. It will also aim to support, rather than hinder, innovation.

14. The IFoA will only regulate where intervention is necessary, having regard to the extent of the public interest risk. We will always consider options other than mandatory requirements, including education, voluntary schemes and non-mandatory guidance.

15. Any regulatory action will be fair to users of actuarial services, the wider public, and Members.

16. The IFoA’s regulatory role will be carried out in a way that promotes diversity, equity and inclusion.

How will we achieve this?

17. Our commitments:

- a. We will provide support and guidance to our Members in achieving and maintaining quality actuarial work and high standards of professionalism.
- b. We will provide for our Members an effective regulatory framework to ensure that the IFoA’s high standards, and our collective reputation, are maintained.
- c. We will promote the importance and benefits of using regulated professional actuaries.
- d. We will work with our Members in carrying out our regulatory role to ensure that it reflects the practical realities for Members and is closely aligned to developments in actuarial practice.

⁵ Set out in Section 21(2) of the Legislative and Regulatory Reform Act 2006.

- e. We will work collaboratively with stakeholders in order to achieve our goals, including other professional bodies and regulators, national associations and the international actuarial bodies. In the UK this will include, in particular, the FRC and the Joint Forum on Actuarial Regulation⁶ (JFAR).
- f. Just as we expect our Members to speak up where they encounter issues of public interest concern, the IFoA also aims to speak up to raise awareness of such issues, for the benefit of both its Members and the public.
- g. We will play a proactive and leading role in the global actuarial community, including in relation to regulation and standards.
- h. Where our Members are also members of other actuarial associations, we will, so far as possible, avoid duplicating the regulation of their other association.

Our regulatory framework

18. The IFoA gives effect to its regulatory role through the following framework:

- a. **Standards and guidance**
A framework of professional standards and guidance to ensure Members are aware of expectations.⁷
- b. **Examinations and qualifications system**
A framework of examinations to support the routes to the IFoA's different qualifications.
- c. **Lifelong learning and CPD**
Requirements and support for post-qualification learning and development, including reflective practice.
- d. **Actuarial monitoring**
A programme of thematic reviews of actuarial work.
- e. **Practising certificates**
Certification for those taking on the most senior, regulated actuarial roles in the UK.
- f. **Support for professionalism**
Professional support services for Members and a regularly updated range of professionalism materials and resources.
- g. **Quality Assurance Scheme (QAS)**
An accreditation for employers of actuaries to support high standards of work and professionalism.
- h. **Enforcement and discipline**
A Disciplinary and Capacity for Membership Scheme given effect through disciplinary investigations, Adjudication and Disciplinary Tribunal systems.

⁶ The JFAR was established in 2013 by the FRC, the IFoA, the Financial Conduct Authority, the Pensions Regulator and the Prudential Regulation Authority. It is a unique collaboration between regulators to coordinate, within the context of its Members' objectives, the identification and analysis of public interest risks to which actuarial work is relevant.

⁷ More detail on the standards and guidance framework can be found in the publication '[Standards Setting at the IFoA](#)' (August 2020).

Our regulatory governance

19. The IFoA's Executive Team is supported by an independent Regulatory Board (with specialist Committees reporting into it), an independent Regulatory Appointments Committee and an independently Chaired Board of Examiners.⁸

Further information

20. For further information about the IFoA's regulatory role please visit the [Upholding standards](#) section of our website or contact our Head of Regulatory Policy, Emma Gilpin, at emma.gilpin@actuaries.org.uk.

⁸ <https://www.actuaries.org.uk/about-us/governance-and-structure/other-boards-and-committees/regulatory-board>



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