



Mr David Childs
Chair of the Conduct Committee
Financial Reporting Council
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10 August 2015

Dear David

THE INSTITUTE AND FACULTY OF ACTUARIES (IFoA) REGULATORY WORK AND FORWARD PROGRAMME: REVIEW OF 2014/15 AND 2015/16 OUTLINE

I am writing to provide you with the Institute and Faculty of Actuaries' (IFoA's) Annual Report on our progress in relation to our regulatory responsibilities, and to set out our forward programme of work. I have followed the format previously used. This letter is intended to provide a high level overview of areas of progress which I believe to be of key relevance to you. The detail of our progress over the last year, together with our forward work programme, is attached in appendices 1 to 3.

APPROACH TAKEN

Our regulatory work programme for 2014/2015 is based upon, and informed by, our public interest responsibility enshrined in our Royal Charter, our Regulatory Strategy, our Corporate Plan and importantly, our Memorandum of Understanding with the Financial Reporting Council (FRC), revised in conjunction with you in July 2014. It also reflects the Statement on Actuarial Standards, issued in July 2014 and the FRC Actuarial Quality Framework. Together, these flesh out our overarching regulatory objective to ensure that the IFoA regulatory framework serves the public interest and that our regulatory processes are effective, proportionate, accountable, consistent, transparent and targeted.

This letter sets out our progress against that regulatory objective over the twelve months to 31 May 2015. We have confined this letter to discussion of our UK achievements in reflection of the area of greatest interest to you. As a result of our geographical reach, however, much of our work has global implications reflecting our world wide membership base.

We open this letter by addressing the issues identified by you in section 3 of your letter of 30 July 2014 as key priorities. We deal with these in items 1-6 below. Items 7 - 15 of our letter report on progress we have made on other regulatory and educational initiatives where we have taken action in the public interest over the last twelve months. Throughout, we have sought to highlight those areas where we believe it appropriate to mark the helpful contribution of the FRC, for which we are grateful.

1. MAXIMISING THE VALUE OF THE JOINT FORUM ON ACTUARIAL REGULATION (JFAR)

We remain committed to the JFAR objectives. The JFAR is, in our view, a key step in the evolution of a holistic regulatory framework and is a valuable forum in which to discuss public interest risks which impact on actuaries and to agree steps as appropriate to mitigate those

risks. Our work on the JFAR Risk Perspective is an example of how this forum provides the opportunity collectively to improve outcomes for the users of actuarial services by facilitating a coordinated, holistic approach to the identification of risk. We are currently developing our thinking on the “group think” risk in particular. Our work here will be designed to reinforce actuarial objectivity by guiding actuaries in identifying and resisting pressures to act against the public interest, or to put commercial, conventional or logistical pressures above the proper application of professional judgment.

The IFoA has also found the JFAR to be a constructive forum to raise evolving and current issues; for example, the significant changes in pensions legislation, effective from April 2015. These changes have raised complex and varied challenges from a variety of regulatory perspectives and the JFAR shared thinking on this issue has informed our own response and communication programme to our members and to the public. We have taken the initiative in raising awareness of the implications of the liberalisation of the defined contribution environment, from a public interest perspective.

We have developed proactively our own regular “horizon scanning” programme to build a risk outlook framework with our Practice Boards. Intended primarily to underpin our own regulatory strategy and programme, we envisage that this initiative will also complement the work of the JFAR. We will set out and publish areas of potential public interest risk where the public could be exposed and regulatory issues arise in areas where actuaries are involved.

2. REVIEW OF THE ACTUARIES' CODE

Our Code underpins our framework of ethical standards, and in carrying out the ‘light touch’ review in 2013, we concluded that, subject to the few relatively minor changes made, the Code remained relevant, appropriate and fit for purpose. We have a more substantive review planned to commence in Q4 of 2015, as part of our regular review programme, running into our 2015/2016 work programme. The review will take account of the outputs from our ongoing work streams and from wider consultation. This will include consideration of our Standards Framework Review project, another proactive initiative which has established an overarching set of standard setting principles against which we will continue to map our evolving regulatory framework. In particular, we want to be able to consider our Code’s application and suitability from the perspective of our international membership and the international work that all of our members carry out. In the meantime we continue to assess the requirements and application of the Code in light of evolving regulatory practice.

3. QUALITY ASSURANCE SCHEME (QAS)

Our QAS initiative gained unanimous approval by the IFoA Council on 7 May 2015 following consideration of the scheme and its underpinning requirements. This followed an extensive consultation and a successful pilot of the scheme in Q4 2014. QAS will, as planned and on schedule, launch in Q3 2015. Our consultations and engagement programme suggest encouraging levels of support for, and interest in, the scheme.

This outcomes focused and ground breaking initiative offers a real opportunity to: (a) underpin and reinforce the quality of actuarial work, in the public interest; (b) support members in meeting their regulatory requirements by raising awareness of those requirements with employers and foster a working environment that is conducive to professionalism; (c) enhance our lines of communication with employers; (d) raise the profile of our members both with employers and the general public; and (e) recognise the value, reward and investment

organisations place on actuarial quality. Accreditation following assessment in accordance with the scheme will provide assurance to the public of the quality of work and also improve our understanding of the quality controls within the actuarial workplace.

We also see the Senior Quality Assurance Representative Forum, a key component of the scheme, as having a public interest benefit by providing an open and direct forum for all accredited member organisations to discuss best practice, issues of concern and to communicate and engage with the IFoA. This will provide marked benefits to the users of actuarial services and the wider actuarial community.

Our independent monitoring programme will include on site visits, periodic written submissions, a duty to provide information in relation to significant changes, and the discretionary power to arrange ad hoc monitoring visits. The monitoring regime in particular and the scheme in general, will be refined as appropriate in light of experience post implementation. In developing this project, we have found the support and engagement of the FRC to be particularly constructive and helpful.

4. ACTUARIAL PROFESSION STANDARD X2: REVIEW OF ACTUARIAL WORK

Our new Actuarial Profession Standard, APS X2: Review of Actuarial Work came into force on 1 July 2015. We believe the scope of this standard will further serve to underpin the high quality of actuarial work and therefore protect the public interest. The standard requires members to consider whether it would be appropriate and proportionate to apply “work review” to actuarial work for which they are responsible and to consider, in particular, whether that should take the form of independent peer review. It also introduces a presumption that members should apply work review and/or independent peer review where it is appropriate and proportionate to do so. We have designed and delivered a comprehensive training and communication programme to ensure that our members are fully aware of and prepared for the introduction of this important standard, including but not limited to reserved role holders. We are engaging with Scheme Actuaries in particular through a thorough training and information programme to ensure that they are given sufficient assistance with the transition from APS P2 Compliance Review: Pensions, which has now been withdrawn, as planned. We are currently developing plans to monitor the implementation of APS X2. So far, over 1,100 actuaries have attended dedicated training sessions on the introduction of this important standard.

5. SKILLS SET FRAMEWORK

Our work on developing a framework to identify the knowledge skills and competencies expected of our Practising Certificate holders has, after a faltering start, now progressed well. We have held a number of workshops with role holders, users of actuarial services and regulators to inform the content of the framework in conjunction with external expert consultants who we engaged through an open tender process. In reviewing the results of those workshops, we will now work with our Education Board and Practice Boards to identify the most efficient way to use the results to inform our education (both qualification and post qualification) regimes and regulation programme to improve clarity for users of the skills, knowledge and competencies that can be expected of our members. We are considering how this work will inform our educational pre examinations skills review, as well as the international skills project that we are undertaking with the Society of Actuaries (SoA).

6. SOLVENCY II

We have worked closely with both the FRC and the Prudential Regulation Authority (PRA) to ensure that the extension of our Practising Certificate regime in response to the Solvency II Directive is effective, practical, and proportionate and will protect the public by underpinning the credentials of those actuaries responsible for undertaking that important role. Following two periods of consultation, we will introduce a compulsory Practising Certificate for our members holding approved Chief Actuary roles under the PRA's Senior Insurance Managers Regime in both Life and Non-Life organisations in July 2015, including appropriate transitional arrangements. We also considered and consulted on whether it is appropriate to introduce, on a voluntary basis, a Practising Certificate which would be available to those of our members undertaking Chief Risk Officer roles, which could be of benefit to insurance company boards in discharging their duties. In light of that consultation we have taken the decision that the introduction of a voluntary certificate for the Chief Risk Officer role is not a proportionate or necessary regulatory initiative, in the public interest, at this time.

In addition to the above key priorities highlighted in your letter of 31 July 2014, we also undertook a range of additional regulatory initiatives in line with the commitments outlined in our Regulatory Strategy:

7. ACTUARIAL PROFESSION STANDARD X1: APPLYING STANDARDS TO ACTUARIAL WORK

We have developed and consulted upon an important proposal for a new standard APS X1: Applying Standards to Actuarial Work. This will set out clearly the standard to be applied by all of our members worldwide and will reflect a core constitutional framework; providing a single reference point in understanding that framework and the regulatory responsibility of our members. Our consultation process completed in August 2014, we published the feedback in April 2015, but have deferred our final decision on publication of this standard to allow us to have regard to International Actuarial Association (IAA) Member Associations' implementation of the IAA model standard ISAP 1 and to allow the FRC to develop its proposals in relation to its review of its Technical Actuarial Standards Framework, as we recognise the importance and impact of those initiatives on the practical application of the standard.

8. ACTUARIAL PROFESSION STANDARD X3: THE ACTUARY AS AN EXPERT IN LEGAL PROCEEDINGS

This consultation in 2013 resulted in the publication of a new standard and accompanying guide in October 2014, implemented on 1 January 2015. The standard sets out the principles for members to apply when instructed to act as an expert in legal proceedings. It is accompanied by a detailed guide for those instructed or contemplating instructions in this important area of public interest work.

9. ACTUARIAL PROFESSION STANDARD Z1: TRUST BASED PRE- PAID FUNERAL PLANS

This standard covers a niche work area for our members where we identified public interest concerns relating to a perceived legislative gap. We successfully completed our consultation on this issue in 2014/15 and will consider our final proposal, in conjunction with the FRC, the Financial Conduct Authority (FCA) and the Funeral Planning Authority (FPA) in 2015. We have had an excellent level of engagement with policy makers on the issues around the current regulatory framework for these plans. We engaged with Parliament and HM Treasury to air the

issues raised from a public policy perspective, resulting in Parliamentary Questions being raised about the matter. We will continue to keep this matter under review.

10. STANDARDS FRAMEWORK REVIEW

Following the development of the Statement on Actuarial Standards issued by the FRC and the IFoA in July 2014, we have agreed a set of principles in relation to standard setting, and have completed a substantial mapping exercise of the existing framework. Work is ongoing to measure the existing framework against those principles and we have embarked upon a targeted consultation with the IFoA's Practice Boards and key stakeholders, before we consult more widely towards the end of 2015. This review will give particular attention to the appropriateness of our standards framework in an international context.

11. CONTINUING PROFESSIONAL DEVELOPMENT AND PROFESSIONAL SKILLS

We consolidated the Continuing Professional Development (CPD) and Professional Skills training regimes into a single CPD regime, which has provided greater clarity to enhance compliance. This change has been managed without compromise to the existing rigour of the regime, its monitoring and enforcement.

Building on last year's content on the theme of Conflicts of Interest, the IFoA launched a new suite of video case studies and supplementary online resources accessed via our website on the theme of Speaking Up, Whistleblowing, and developing an open culture in organisations. The success of this innovative initiative has been overwhelming, and we have exceeded 83,000 views of our video case studies. This year we introduced "train the trainer" sessions aimed at assisting members to host events within their firms and associations utilising the IFoA's materials. We have subsequently issued 62 facilitation packs containing links to the videos, quizzes, paper based case studies and sample presentations. In addition, the video case studies have formed the basis of professional skills CPD sessions hosted by the IFoA from November 2014 through to June 2015 in London and in Edinburgh. There have been workshops or plenaries on professional skills/ ethics at IFoA conferences in addition to sessions held at Current Highlights in Pensions (CHiPs), Current Issues in Pensions (CiPs), Highlights of Life and other events. This initiative and its success demonstrate our proactive commitment to professionalism and professional ethics as critical ingredients underpinning the quality of actuarial work.

12. INDIVIDUAL PROFESSIONAL RESPONSIBILITY

Another proactive IFoA initiative, we will publish shortly new guidance designed to reinforce the importance of individual accountability, further underpinning the Actuaries' Code.

13. CONFLICTS OF INTEREST

Our recent monitoring exercise, carried out in relation to Scheme Actuaries, concluded in March 2015 and we are reviewing the outcome of that work. This will feed into our periodic review of conflicts of interest, scheduled to commence in 2016. We will communicate the results later this year.

14. WHISTLEBLOWING

Our whistleblowing and speaking up guidance for actuaries and employers of actuaries was reviewed and updated in 2015. We are embedding the updated guidance via our continuing

programme of education and will continue to monitor the impact of both the updated guidance and the communication and training programme.

15. DISCIPLINE

We have made significant improvements in the last year, examining our internal timescale procedures, making efficiencies and changes to process to improve the pace of delivery of case outcomes, improving communication with users of the disciplinary process and the transparency of the process. We have published a new communications package online, as well as undertaking training for all of our volunteers to improve the consistency and reasoning of determinations. We have for the first time appointed a professional lay convenor to the disciplinary tribunal, in an expanded oversight role.

16. EDUCATION

The number of student members continues to rise along with examination entries. The total number of student members is over 13,000, with around 60% from outside the UK and student members in over 100 countries. We conducted over 32,000 individual assessments during the past year.

To ensure our qualification remains fit for purpose, a strategic review has been launched covering all stages of the qualification, including content and assessment methods. The review is intended to lead to the introduction of a revised qualification process and we are also expecting to move to publish actual marks as well as pass marks from April 2016. The FRC along with other stakeholders such as employers and universities will be involved fully in the consultation process. The review is being undertaken alongside the work of the International Actuarial Association in updating its own educational syllabus.

The new technician level qualification; the Certified Actuarial Analyst, (CAA) has been introduced to professionalise support roles for those who work with actuaries. All modules have now been introduced using computer based assessment methods and initial interest has been high. The World Bank has publicly recommended this innovative qualification to insurance supervisors.

The revised associate level qualification, which includes a work based project covering communication and spreadsheet skills, is being launched on 1 July 2015 after extensive consultation, including with the FRC. The current communication and modelling exams (CA2 and CA3) will remain part of the fellowship requirement.

The IFoA continues to develop research that is relevant to the work of practitioners, supports actuarial and related disciplines in leading universities and provides an evidence base for the IFoA's contribution to public policy development. A key development over the past 18 months has been the establishment of the IFoA's Research and Thought Leadership Committee (RTLTC), which has been put in place to ensure that the IFoA is addressing gaps in its research programme and meeting its objective of "advancing all matters relevant to actuarial science". As well as drawing on the expertise of the IFoA's Practice Boards, the RTLTC also enjoys the benefit of an external lay chair who has a strong track record of delivering relevant, high impact research programmes in universities. One of the priorities over the coming year is expected to be the expansion of the IFoA's Actuarial Research Centre which facilitates sponsored PhD studentships researching topics that are relevant to industry.

We include with this letter a range of further information in support of our assessment of the last year, which we hope that you will find to be helpful.

Appendix 1 – sets out a more detailed update on the progress we have made with our work programme to 31 May 2015, against the specific objectives we communicated to you this time last year, and provides an update on our three year rolling regulatory work programme (2015/2018), including detail of our scheduled review timelines. We also include a range of supporting data, updated from last year and supplemented in light of recent correspondence between our respective Executives.

Appendix 2 – includes certain statistical information requested of us. Over the last year, in addition to this attached data, we have been exploring in more detail the suggestions outlined by the FRC in March 2014 to refine and expand our management information. Current investment in our digital infrastructure will enable this expansion in the data available to us.

Appendix 3 – is the Disciplinary Board's approved Annual Report 2014.

CONCLUSION

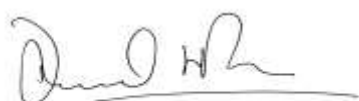
The last twelve months have been both challenging and rewarding, in continuing to meet the IFoA's obligation to regulate its members in such a way as to assure public confidence. We continue to hold our public interest function at the forefront of each and every initiative that we undertake. We are proud of the progress we have made over this period. The FRC survey of perceptions of actuarial quality demonstrates that confidence in the profession remains high. We are not however complacent. We are also aware that we can improve. Some projects could be delivered more efficiently. We believe however that we have demonstrated substantial progress across a broad range of initiatives. We are also acutely aware of the risk of regulatory overload.

This has been a busy year, particularly marked by a high level of regulatory consultations and the significant impact of Solvency II. The year's work has also included some exciting developments, with the JFAR offering substantial potential benefits and the development and publication of important new standards, including in relation to work review and the QAS.

There remains, of course, more to do. This not least in addressing the important challenge of ensuring that we are able to identify public interest issues as and before they arise; a core challenge familiar to all regulators. A number of initiatives will further enhance our awareness in this respect - the QAS, in particular, but also new initiatives to monitor the implementation of key standards, and the information sharing facilitated by the JFAR. Our goal is to achieve an appropriate regulatory balance and, thereby, discharge our responsibility to the public.

We look forward to continuing our constructive relationship with the FRC in pursuance of our shared objective to serve effectively that public interest.

Yours sincerely



Desmond Hudson
Chair of the Regulation Board

Enc: Appendixes 1 to 3

Regulatory Programme July 2015 – June 2018

	2015-2016	2016-2017	2017-2018
1. JFAR:	<p>Build on the JFAR Risk Perspective initiative.</p> <p>Develop work on a thematic review deep dive on the “group think” risk.</p> <p>Contribute positively to the pensions freedoms thematic review deep dive.</p> <p>Share the IFoA risk outlook outputs with the JFAR to inform and develop the JFAR risk perspective outputs.</p>	<p>Continue contributing to the JFAR to help drive the initiative forward, share information and implement proportionate agreed outputs.</p> <p>Identify outputs and recommendations resulting from the JFAR phase one thematic reviews, including “Group Think”.</p>	<p>Implement and embed outputs of phase 1 thematic reviews.</p> <p>Develop, in partnership with the JFAR members, phase 2 thematic reviews.</p> <p>Continue to work to identify new areas of collaboration with the JFAR members.</p>
2. STANDARD SETTING:	<p><u>Standards Framework Review</u></p> <p>Develop project/ work plan as it applies to members internationally, to complement internal initiatives to progress and develop the review of the IFoA’s Standards Framework.</p> <p>Consult with internal stakeholders before consulting more widely in Q4 2015.</p>	<p>Conclude review and make recommendations on the future shape and presentation of the IFoA’s standards framework to consolidate an internationally effective standards framework.</p>	<p>Implementation of recommendations.</p> <p>Ongoing review and update of the standards framework.</p>

	2015-2016	2016-2017	2017-2018
	Include consideration of application to new membership category of Certified Actuarial Analyst.		
	<u>Conflicts of Interest</u> Communicate results of the Scheme Actuary monitoring exercise in Q3/4 2015.	Implement changes, refinements and improvements resulting from the Scheme Actuary monitoring exercise. Commence scheduled review of guidance for Employers of Actuaries.	Implement agreed changes arising from both reviews.
	<u>Whistleblowing</u> Continue to embed the guidance updated in February 2015 through professional skills offerings and monitor the impact of the updated guidance and the communication and training programme.	Commence review of approach to whistleblowing.	Conclude review and implement any changes arising, including complementary communication and engagement plan.
	<u>Review of the Actuaries' Code</u> Commence the more substantive scheduled review of the Actuaries' Code in Q4 2015.	Finalise proposals following substantive review. Commence implementation of recommendations in line with project plan, including raising awareness of any changes by communication, training, education and engagement plan. Feed back relevant findings into Standards Framework Review programme.	Ongoing implementation and review.
	<u>APS X1: Applying Standards to Actuarial Work</u> Publish feedback and proposals. Continue to engage with FRC TAS 100	Finalise proposals and publish in light of international and FRC outcomes. Communication programme to raise awareness.	Ongoing communication and embedding standards.

	2015-2016	2016-2017	2017-2018
	review and international developments to inform finalised proposals.	Implement standards and guidance.	
	<p><u>APS X2: Review of Actuarial Work</u> Deliver a training and communication programme to prepare members for the implementation of APS X2. Engage with Scheme Actuaries through a comprehensive training and information programme to assist with the transition from APS P2 Compliance Review: Pensions, which will be withdrawn when APS X2 comes into effect on 1 July 2015.</p>	<p>Continue to embed the new guidance and monitor how it is being implemented. Continue to raise awareness.</p> <p>Gather evidence of practical implementation.</p>	Ongoing embedding and review.
	<p><u>APS X3: The actuary as an Expert in Legal Proceedings</u> Ongoing communications, awareness raising and engagement.</p>	Ongoing communication and engagement programme to identify areas for refinement.	Ongoing embedding and review.
	<p><u>APS Z1: Trust Based Pre-Paid Funeral Plans</u> Produce final proposals in relation to Trust Based Pre-paid Funeral Plans in 2015.</p> <p>Implement agreed standards and guidance, with proportionate and targeted communication, engagement, training and education programme.</p>	Ongoing embedding and review, continue raising awareness.	Ongoing embedding and review.
	<u>Professional Indemnity Insurance</u>		

	2015-2016	2016-2017	2017-2018
	Review regulatory approach to professional indemnity insurance and formulate proposals.	Implement proposals.	
	<u>Review Life Standards</u> Review existing standards, formulate proposals and publish revised standards by Q3 2015.	Ongoing embedding.	Ongoing embedding and review.
3.	QUALIFICATION:		
	<p><u>Education and Research</u> Launch a revised associate level qualification which includes a work based project covering communication and spreadsheet skills on 1 July 2015.</p> <p>The IFoA's Research and Thought Leadership Committee (RTL) is currently defining the key research programmes that the IFoA intends to focus on over the short, medium and long term. The IFoA would be happy to share these with the FRC once this reaches an appropriate stage.</p> <p>Strategic review of actuarial qualifications, content, assessment and transparency of the examination process.</p>	<p>Continuing to expand the structured programmes of research and exploring alternative sources of funding.</p> <p>Ongoing development of digital library service.</p> <p>Move to publish actual marks as well as pass marks from April 2016 expected.</p>	Ensuring research programmes remain relevant and have impact.
	<u>Solvency II</u> Publish and introduce a compulsory practising certificate for our members holding	Ongoing implementation and review of new practising certificate regimes.	Ongoing embedding and review.

	2015-2016	2016-2017	2017-2018
	<p>approved Chief Actuary roles under PRA's Senior Insurance Managers Regime in both Life and Non-Life organisations in July 2015.</p> <p>Conclude review and decision on whether appropriate to introduce voluntary practising certificates for members undertaking CRO roles.</p> <p>Communication, education and training and awareness programme.</p>		
4.	CPD / PROFESSIONALISM:		
	<p><u>Continuing Professional Development and Professional Skills</u></p> <p>Make any required refinements in light of first year of operation of the new combined Scheme and continued monitoring of effectiveness of, and compliance with our CPD Scheme.</p> <p>Develop themes and materials programme to reflect regulatory strategy refresh, to complement with ongoing initiatives, external economic influences, disciplinary themes and trends, and risk outlook themes.</p> <p>Continue to expand and develop the material and access methods available for our members to access professional skills</p>	Continued monitoring and review.	

	2015-2016	2016-2017	2017-2018
	<p>training materials accessible to members worldwide, including but not restricted to the Virtual Learning Environment.</p> <p>Progress review of current Stage 2 PSC and make recommendations for future development.</p>	<p>Develop new model based on recommendations and pilot.</p> <p>Evaluate pilot and finalise proposals for reshaped course.</p>	<p>Implement new course.</p> <p>Ongoing monitoring.</p>
	<p><u>Professional Support Service</u> Ongoing monitoring and review of traffic and issues raised.</p> <p>Review and refine operation of the service from a member as well as policy perspective.</p>	<p>Implement outputs of the review.</p>	
	<p><u>Skill Sets Framework Review</u> Review results of workshops held to identify the knowledge, skills and competencies expected of practising certificate holders.</p> <p>Work with internal stakeholders to utilise the results of the workshops to inform our education regimes and regulation programme.</p> <p>Conclude Phase 1 framework, determine scope of further work on extended roles.</p>	<p>Continue to utilise skill sets framework to inform regulatory, educational and CPD approaches.</p> <p>Communication and integration approach to the development of a skills sets framework for actuaries which supports the diverse development of members, both pre and post implementation.</p>	<p>Ongoing review and refining.</p>

	2015-2016	2016-2017	2017-2018
	<p><u>Individual Professional Responsibility</u> Complete review of professional position of actuaries relying on third party/automated valuation products and formulate proposals.</p> <p>Publish guidance in Q3 2015 for trustees and sponsors of pension schemes which will set out the IFoA's view of good practice on appropriate steps for pensions actuaries, including scheme actuaries, to take when assuming professional responsibility for actuarial advice or calculations.</p>	<p>Embed and review effectiveness of guidance and supporting notes.</p>	<p>Continue to embed and collate feedback on effectiveness of guidance.</p>
5.	COMPLIANCE MONITORING:		
	<p><u>Quality Assurance Scheme</u> Launch a Quality Assurance Scheme in September 2015. Accept applications and issue first accreditations.</p> <p>Publish standard and handbook.</p> <p>Marketing, communication and engagement plan.</p>	<p>Monitor and refine the Scheme as appropriate in light of experience post implementation.</p> <p>Work with Senior Quality Assurance Representative to develop and maximise effectiveness of Forum.</p> <p>Engage with accredited organisations to promote, feed back, and identify areas of improvement for the scheme.</p>	<p>Review measures of success against scheme outputs and adapt as appropriate.</p>
6.	ENFORCEMENT AND DISCIPLINE:		
	<p><u>Discipline</u> Ongoing, monitoring and review of effective operation of the Disciplinary Scheme.</p>	<p>Monitor and review efficiencies of scheme.</p>	<p>Ongoing review of effectiveness, proportionality, public interest and efficiency of scheme.</p>

	2015-2016	2016-2017	2017-2018
	<p>Raise awareness of scheme.</p> <p>Continue to review international fitness of scheme.</p> <p>Implement any required changes to the Disciplinary Scheme.</p> <p>Monitor trends and issues arising, collaborating with internal and external stakeholders as appropriate</p>	<p>Embed communication and awareness raising initiatives.</p> <p>Ongoing review of effectiveness of Board.</p>	
7.	OTHER		
	<p><u>Data collection</u> Progress review of data collection taking account of the FRC's suggestions by letter of 10 March 2014 and make recommendations for enhancement.</p> <p>Liaise with FRC re communications protocol with view to making any changes as necessary.</p>	<p>Implement recommendations in line with the IFoA's overall digital strategy.</p>	<p>Review effectiveness of data collection and revise as appropriate</p>
8.	INTERNATIONAL		
	<p>Continue to engage effectively with international umbrella organisations in relation to the development of regulatory</p>	<p>Ongoing review of mutual areas of FRC and IFoA interest.</p>	<p>Consolidate our international regulatory approach, ensuring that this is consistent but proportionate in serving the public interest,</p>

	2015-2016	2016-2017	2017-2018
	<p>policy and standard setting.</p> <p>Building on APS X1, continue to develop international regulatory approach in accordance with the Regulatory Strategy and 'equivalence principle'.</p> <p>Continue to use UK International Forum and IFoA Regulation Board International Committee as means to share position responses to international regulatory developments as a means to identify and test areas of agreement and divergence.</p>		<p>drawing appropriately on the development of international standards by international actuarial bodies.</p> <p>Review effectiveness of approach to international regulatory initiatives with FRC, as part of wider IFoA international strategy programme.</p>
9.	REGULATORY STRATEGY		
	Progress interim review of Regulatory Strategy.	<p>Ongoing implementation and regular review in light of emerging hot spots internally and externally.</p> <p>Conduct a post implementation review of regulatory effectiveness.</p>	
10.	RISK OUTLOOK		
	<p>Ongoing review of public interest issues and risks.</p> <p><u>Risk Outlook Project</u> In consultation with the practice boards, identify risk topics and filter these to select</p>		

	2015-2016	2016-2017	2017-2018
	<p>appropriate themes and develop appropriate mechanisms to communicate and mitigate the risks. Harness existing horizon scanning threads within IFoA.</p> <p><u>Pensions Freedoms</u> Ongoing communication programme.</p>		



Information reporting to the Financial Reporting Council

CPD Scheme 2014 / 2015	Annex A
Membership Statistics	Annex B
▪ Membership category and location	
▪ Fellows by practice areas	
▪ Top 10 positions held	
Employer Statistics	Annex C
▪ Top ten employers / number of members by category	
▪ Top ten employers by UK office / number of members by category	
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▪ CPD Audits over 3 years	
▪ Types of CPD recorded External / Internal	
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Firms with DPB status	Annex H



Institute
and Faculty
of Actuaries

Continuing Professional Development Scheme 2014/2015

Note: Text in red italics is defined in Schedule 4 and hyper-linked for ease of reference

1. Application

1.1 All members of the Institute and Faculty of Actuaries (IFoA) have an obligation under the Actuaries' Code to maintain their competence. This Continuing Professional Development Scheme (the Scheme) sets out the framework which assists members in complying with this obligation.

1.2 All members must demonstrate that either:

- they have undertaken the appropriate minimum amount of continuing professional development (*CPD*) in accordance with the requirements of this Scheme; or
- due to their personal circumstances, they are exempt from the requirements of this Scheme.

1.3 This Scheme is effective from 1 July 2014 to 30 June 2015.

2. Categories

2.1 Each member of the IFoA will fall into at least one of the following categories:

- Category 1:** All members who hold a *practising certificate* issued by the IFoA
- Category 2:** All *fully regulated* Fellows and Associates of the IFoA who do not hold a *practising certificate* *
- Category 3:** All *partially regulated* Fellows and Associates of the IFoA *
- Category 4:** All Certified Actuarial Analysts of the IFoA *
- Category 5:** All Student members of the IFoA who are not Student Actuarial Analysts*
- Category 6:** All Student Actuarial Analyst members of the IFoA *
- Category 7:** *Retired* members
- Category 8** Honorary Fellows and Affiliates

** and who have not been registered as retired members for the purposes of Category 7*

2.2 The specific requirements of each category are set out in sections 3 to 10 of this Scheme.

2.3 Members must check that the CPD category recorded in their *on-line CPD record* is correct.

3. Category 1

3.1 Definition

All members who hold a practising certificate issued by the IFoA are Category 1 members for the purposes of this Scheme.

3.2 CPD year

The Category 1 CPD year runs for one full year from the relevant date.

Category 1 members' obligations under this Scheme shall have effect from the relevant date.

3.3 Requirements

Category 1 members must complete at least 30 hours of CPD in the course of each CPD year.

Of those 30 hours, a minimum of 20 hours must relate to technical skills.

Of those 20 hours relating to technical skills, at least 10 hours must be obtained at external events.

Category 1 members must complete two hours of Professional Skills Training (PST), as set out in Schedule 3 to this Scheme. Time spent completing the relevant PST requirement may be counted towards the overall 30 hours requirement.

The balance of members' minimum requirement may be gained through such other activities as each member deems appropriate taking into account the nature of their work or role and their personal development needs.

Category 1 members are not permitted to count time engaged in private study towards their minimum CPD requirement.

Category 1 members must record a learning outcome for each CPD activity listed in their on-line CPD record.

3.4 Recording CPD

Category 1 members must record their CPD in their on-line CPD record by the end of their CPD year.

3.4.1 Failure to record

Category 1 members who fail to comply with the requirements of this Scheme will not be entitled to renew their practising certificate until such time as their compliance has been addressed to the reasonable satisfaction of the IFoA.

3.5 Evidence of CPD

Category 1 members must retain evidence of their participation in the activities listed in their on-line CPD record for a period of two years from the date of the activity and must produce that evidence to the IFoA upon request.

4. Category 2

4.1 Definition

All fully regulated Fellows and Associates of the IFoA who do not hold a practising certificate on 1 July 2014 and who have not been classified as retired by the IFoA are Category 2 members for the purposes of this Scheme.

4.2 CPD year

The Category 2 CPD year runs from 1 July 2014 to 30 June 2015.

Category 2 members' obligations under the Scheme shall have effect from 1 July following their transfer to Fellow or Associate.

4.3 Requirements

Category 2 members must complete at least 15 hours of CPD in the course of the CPD year.

Of those 15 hours a minimum of 5 hours must be obtained at external events.

The balance of Category 2 members' minimum requirement may be gained through such other activities as the individual member deems appropriate taking into account their work or role and their personal development needs.

Category 2 members must also complete one of the following Professional Skills Training (PST) stages in each CPD year:

- **Stage 3 - Professional Skills for Experienced Members** (see Schedule 3)
Most fully regulated Fellows and Associates will have completed Stage 2 of the PST before reaching Category 2 and will therefore be required to undertake Stage 3 each year.
- **Stage 2 - the Professional Skills Course** (See Schedule 2)
Category 2 members who have not yet completed Stage 2 of the PST must do so within one year of transferring to the category of Fellow. Members will progress to Stage 3 of the PST in the following CPD year.

Time spent completing the relevant PST requirement may be counted towards the overall 15 hours requirement.

4.4 Recording CPD

Category 2 members must record their CPD activities, and any learning outcomes corresponding to private study activities, for the CPD year in their on-line CPD record by 31 July 2015.

Category 2 members who fail to record their CPD by the deadline will be granted an extension to 30 September 2015, upon making payment of an administration fee.

4.5 Evidence of CPD

Category 2 members must retain evidence of their participation in the activities listed in their on-line CPD record for a period of two years from the date of the event and must produce

that evidence to the IFoA upon request.

For the purposes of the Scheme, a relevant learning outcome shall constitute evidence of private study.

4.6 Category 2 members working overseas

Category 2 members may elect to satisfy the requirements of this Scheme by complying with one of the recognised International Actuarial Association (IAA) bodies' CPD Schemes (listed in Schedule 5 to the Scheme).

Members who choose to comply with another IAA body's CPD requirements must complete the relevant Category 2 PST component in each CPD year, as set out at section 4.3 of the Scheme.

Category 2 members who wish to comply with an IAA CPD Scheme must confirm their decision to the Membership team in writing at cpd_feedback@actuaries.org.uk by 30 June 2015.

Category 2 members who fail to inform the Membership team of their decision to comply with an IAA body's Scheme by the 30 June 2015 deadline will be granted an extension to 30 September 2015, upon making payment of an administration fee.

Category 2 members who elect to comply with one of the IAA bodies' schemes must retain evidence of their compliance:

- with the chosen IAA scheme; and
- with the relevant PST requirement,

for a period of at least two years from the date of each event and must produce that evidence to the IFoA upon request.

5. Category 3

5.1 Definition

All members who are partially regulated Fellows and Associates of the IFoA on 1 July 2014 and who have not been classified as retired by the IFoA are Category 3 members for the purposes of this Scheme.

5.2 CPD year

The Category 3 CPD year runs from 1 July 2014 to 30 June 2015.

Category 3 members' obligations under the Scheme shall have effect from 1 July following their transfer to Fellow or Associate.

5.3 Requirements

Category 3 members must comply with the CPD requirements of their primary regulator.

Category 3 members must complete one of the following Professional Skills Training (PST) stages in each CPD year:

- **Stage 3 – Professional Skills for Experienced Members** (see Schedule 3)
To be undertaken each year by all Category 3 members who have completed Stage 2 of the PST or a professionalism event under the IFoA's historic regime.
- **Stage 2 – Professional Skills Course** (see Schedule 2)
To be completed by Category 3 members within one year of transfer to the category of Fellow.

On completion of Stage 2 of the PST, members will progress to Stage 3.

5.4 Evidence of CPD

Category 3 members must retain evidence of their participation in their CPD activities, which includes PST activities, for a period of two years from the date of the activity and must produce that evidence to the IFoA upon request.

6. Category 4 requirements

6.1 Definition

All members who are Certified Actuarial Analysts of the IFoA on 1 July 2014 and who have not been classified as retired by the IFoA are Category 4 members for the purposes of this Scheme.

6.2 CPD year

The Category 4 CPD year will normally run from 1 July to 30 June each year.

Category 4 members' obligations under the Scheme shall have effect from 1 July following their qualification as a Certified Actuarial Analyst.

6.3 Requirements

Category 4 members must complete at least 15 hours of CPD in the course of the CPD year.

Of those 15 hours:

- a minimum of 5 hours must be obtained at external events; and
- a minimum of 2 hours must contribute to the member's understanding of ethical behaviours in relation to their role.

6.4 Recording CPD

Category 4 members must record their CPD activities, and any learning outcomes corresponding to private study activities, for the CPD year in their on-line CPD record by 31 July 2015.

Category 4 members who fail to record their CPD by the deadline will be granted an extension to 30 September 2015, upon making payment of an administration fee.

6.5 Evidence of CPD

Category 4 members must retain evidence of their participation in the activities listed in their on-line CPD record for a period of two years from the date of the event and must produce that evidence to the IFoA upon request.

For the purposes of the Scheme, a relevant learning outcome shall constitute evidence of private study.

7. Category 5 requirements

7.1 Definition

All Students, who are not Student Actuarial Analysts, of the IFoA on 1 July 2014 and who have not been classified as retired by the IFoA are Category 5 members for the purposes of this Scheme.

7.2 CPD year

The Category 5 CPD year runs from 1 July 2014 to 30 June 2015.

Category 5 members' obligations under the Scheme shall have effect from 1 July following admission to the IFoA.

7.3 Requirements

There is no *technical skills* requirement for Category 5 members.

Category 5 members are required to undertake the following *PST* stages at the time specified below:

- **Stage 1 – On-line Professional Awareness Test** (see Schedule 1)
To be completed by all Category 5 members who joined the IFoA on or after 1 March 2012, before being eligible to sit the IFoA's Business Awareness Exam (CT9).

Category 5 members who joined the IFoA before 1 March 2012 are not required to complete Stage 1 of the *PST*.

On completion of Stage 1, members will progress to Stage 2.

- **Stage 2 – Professional Skills Course** (see Schedule 2)
To be completed by Category 5 members who joined the IFoA before 1 July 2006 before transferring to Associate status.

To be completed by Category 5 members who joined the IFoA on or after 1 July 2006:

- between the fourth and sixth anniversaries of their admission to the IFoA;
or
- before transferring to Associate status.

Members will progress to Stage 3 of the *PST* in the following CPD year.

- **Stage 3 – Professional Skills for Experienced Actuaries** (see Schedule 3)
To be completed annually by all Category 5 members who have completed Stage 2 of the *PST*.

7.4 Evidence of CPD

Category 5 members must retain *evidence* of their Stage 3 *CPD* activities for a period of two years from the date of the activity and must produce that *evidence* to the IFoA upon request.

8. Category 6 requirements

8.1 Definition

All members who are Student Actuarial Analysts of the IFoA on 1 July 2014 and who have not been classified as retired by the IFoA are Category 6 members for the purposes of this Scheme.

8.2 CPD year

The Category 6 CPD year runs from 1 July 2014 to 30 June 2015.

Category 6 members' obligations under the Scheme shall have effect from 1 July following their transfer to or admission as Student Actuarial Analyst.

8.3 Requirements

There is no technical skills requirement for Category 6 members.

Category 6 members must undertake Stage 1 of the PST (see Schedule 1) by the end of their first CPD year.

9. Category 7 requirements

9.1 Definition

Members who:

- are not in paid work which relies upon their actuarial training and experience, in the widest interpretation, or on their membership of the IFoA; and
- do not expect to return to such work in the foreseeable future,

may apply to the IFoA to be registered as *retired* and classified as a Category 7 member.

By doing so, *retired* members will no longer be required to confirm their status to the IFoA each CPD year.

9.2 Requirements

Category 7 members do not have to complete any *CPD*, unless they are doing relevant unpaid work (see paragraph 9.5 below).

9.3 Obligation to confirm a change in status

Category 7 members must inform the Membership Team at cpd_feedback@actuaries.org.uk as soon as reasonably practicable if they return to work.

9.4 How to apply

Retired members who wish to apply to the IFoA to join Category 7 must write to the Membership Team at cpd_feedback@actuaries.org.uk confirming their retired status.

9.5 Unpaid work

Category 7 members who undertake unpaid work which relies upon their actuarial training and experience, in the widest interpretation, must complete such CPD as they reasonably consider to be appropriate in the circumstances.

Category 7 members who complete CPD must retain evidence of their participation in those activities for a period of two years from the date of the activity and must produce that evidence to the IFoA upon request.

10. Category 8 requirements

10.1 Definition

All Honorary Fellows and Affiliates of the IFoA are Category 8 members.

10.2 Requirements

Category 8 members do not have to complete any CPD under this Scheme.

11. Exemptions

11.1 Full exemption

11.1.1 Category 2 and 4 members

Members in Categories 2 and 4 may be entitled to an exemption from the full requirements of the CPD Scheme if the IFoA, in its sole discretion, is satisfied that the public interest is not served by requiring that member to complete a programme of [CPD](#).

Although each case will be considered on its merits, exemptions may be granted where the member can show that:

- (1) their actuarial training and experience, in the widest interpretation, and their membership of the IFoA, makes no contribution to their paid work; or
- (2) they have not been in paid work over the course of the CPD year for a total of more than 20 hours; or
- (3) there are exceptional circumstances such as serious ill health, which prevent the member from complying with the requirements of this Scheme.

11.1.2 Category 5 and 6 members

Members in Categories 5 and 6 who are absent from work for more than six consecutive months in any one CPD year may apply for a full exemption from the requirements of the CPD Scheme in respect of that CPD year.

11.2 Partial exemption

11.2.1 Category 2 and 4 members

Members in Categories 2 and 4 who are absent from work for more than six consecutive months in any one CPD year may apply for a partial exemption from the requirements of the CPD Scheme in respect of that CPD year.

Members in Categories 2 and 4 who apply for and are granted a partial exemption must complete a minimum of five hours of [CPD](#) activities, of which a minimum of 2 hours must be obtained at an [external events](#).

There will be no [PST](#) requirement.

11.2.2 Category 3 members

Category 3 members who are absent from work for more than six consecutive months in any one CPD year may apply for a partial exemption from the requirements of this Scheme.

Category 3 members who are granted a partial exemption will have no [PST](#) requirement in respect of that CPD year. They will, however, be required to complete such other CPD as required by their primary regulator.

11.3 Category 1 members

No exemptions from the requirements of this Scheme will be granted to Category 1 members.

11.4 Applying for an exemption

To apply for an exemption, members must submit a written request to the Membership team at cpd_feedback@actuaries.org.uk by 30 June 2015.

12. Enforcement

Members may be referred under the Disciplinary Scheme in relation to any default under the Scheme.

In certain circumstances, members may be offered the alternative of making payment of a *charge* and having the fact of their default recorded in both the IFoA's Register of Non-compliers and the Actuarial Directory.

This option is only likely to be open to members who have not defaulted on the terms of the Scheme in the preceding ten year period.

Schedule 1

Stage 1 Professional Skills Training – On-line Professional Awareness Test

1. Application

All Category 5 members who joined the IFoA on or after 1 March 2012 must pass Stage 1 before being eligible to sit the IFoA's Business Awareness Exam (CT9).

All Category 6 members must pass Stage 1 by the end of their first CPD year.

2. Registration

Members may register to sit the Stage 1 using the application form available on the [IFoA's website](#).

3. Fee

No fee is charged for Stage 1.

4. Completion

On successful completion of Stage 1, Category 5 members will progress to Stage 2 of the PST.

Schedule 2

Stage 2 Professional Skills Training - Professional Skills Course

1. Application

1.1 Category 2 and 3 members

Category 2 and 3 members admitted to the IFoA on or after 1 July 2006 who have not already completed Stage 2 or a professionalism course under the previous regime must sit Stage 2 within one year of transfer to the category of Fellow.

1.2 Category 5 members

Category 5 members admitted to the IFoA before 1 July 2006 must undertake Stage 2 before transferring to Associate status.

Category 5 members admitted to the IFoA on or after 1 July 2006 must undertake Stage 2:

- between the fourth and sixth anniversaries of their admission to the IFoA; or
- before transferring to Associate status.

2. Format

2.1 Face-to-face event

This is a one day event which features a variety of topics of professionalism and includes interactive, generic and practice specific case studies.

2.2 Interactive on-line course

Members who select this option must complete a number of web-based modules over a period of three weeks.

2.2.1 The requirement to complete Stage 2 will be deemed to have been fulfilled when the on-line facilitator confirms that the participant has sufficiently engaged with the course content and contributed appropriate on-line postings. Guidelines will be issued to participants prior to their commencing the on-line course so that they are fully aware of the expectations of the facilitators with regard to the expected level of participation.

3. Registration

Members may apply to attend a face-to-face event or to undertake an on-line course using the forms published within the PST section of the [IFoA's website](#).

4. Fee

The IFoA do not charge a fee for either the face-to-face or on-line courses.

5. Completion

On completion of Stage 2, members will progress to Stage 3 of the *PST* in the following CPD year.

Schedule 3

Stage 3 Professional Skills Training – Professional Skills for Experienced Members

1. Application

Stage 3 must be completed by members in the following categories:

- **Category 1:** All members who hold a practising certificate issued by the IFoA;
- **Category 2:** Fully regulated Fellows and Associates of the IFoA who do not hold a practising certificate*;
- **Category 3:** Partially regulated Fellows and Associates of the IFoA*; and
- **Category 5:** Student members of the IFoA who:
 - completed Stage 2 of the PST*; or
 - joined the IFoA prior to 1 July 2006*

** and are not retired members for the purposes of Category 7*

2. Format

Stage 3 is an annual requirement to complete two hours of Professional Skills Training which may be acquired by attending events, by completing an on-line activity or by a combination of both types of activity.

While the IFoA offers events and on-line programmes at no cost, members are free to source events and on-line courses from other providers, subject to the requirement that they satisfy one or more of the objectives specified at section 3, below.

3. Objectives

In order to qualify as Stage 3 training the activity should enhance the member's understanding of an actuary's professional obligations and achieve one or more of the following objectives:

- enhance understanding of principles of ethical behaviour and how to apply these in making professional judgements;
- enhance understanding of what it means to act in the public interest;
- equip actuaries to make reasoned and justifiable decisions in resolving ethical dilemmas;
- assist actuaries to demonstrate ethical behaviour in conducting their professional life; and
- enable actuaries to recognise ethical dilemmas and take appropriate action.

3.1 Where the course is not provided by the IFoA, the following conditions must be satisfied:

- must be sourced from a suitable provider, of appropriate repute, such as a training company, a professional body, an employer of actuaries, a regulator, or another IAA member body;
- must allow actuaries to demonstrate a relevant learning outcome; and
- must be capable of being evidenced to the IFoA in writing.

Schedule 4 Definitions

Administration fee	A payment of £50 to the IFoA.
Charge	A payment of £750 to the IFoA.
CPD	Learning which is relevant to the nature of the member's work or role and which addresses a personal development need.
Evidence	Written evidence of participation in the CPD activity recorded which includes but is not limited to: <ul style="list-style-type: none"> • a signed register of attendance; • a certificate vouching for the completion of a course or activity; • hard copies of lectures or presentations delivered by the member; • articles or papers written for publication; and • written confirmation from a provider of an on-line resource.
External events	Any training or development activity which exposes a member to an exchange of viewpoints and includes individuals from outside the member's own organisation. External events may include, but are not limited to:- <ul style="list-style-type: none"> • relevant activities held within the member's organisation which are hosted by, or which feature or include, a person from outside that organisation; and • digital or on-line seminars or other web-based learning activities.
Fully regulated	Fellows or Associates who are subject to the full regulation of the IFoA (i.e. who have not been granted partial regulation status).
Learning outcome	A description of the knowledge and/or skills which the member gained as a result of taking part in the CPD activity.
On-line CPD record	Members' personal CPD records accessible via the members' section of the IFoA website .
Partially regulated	Members who have been granted partial regulation status by the IFoA.
Practising certificate	A practising certificate issued by the IFoA.
Professional Skills Training	The training regime operated by the IFoA which focuses on helping members take appropriate steps to make well reasoned decisions in situations where complex ethical judgements are required.
Relevant date	Either, the date: <ul style="list-style-type: none"> • of the member's application for a practising certificate, whether an initial or renewal application; or • selected by the member in accordance with the provisions of the Practising Certificate Scheme.

Retired	<p>Members who:</p> <ul style="list-style-type: none"> • are not in paid work which relies upon their actuarial training and experience, in the widest interpretation, or on their membership of the IFoA; • do not expect to return to such work; and • have been registered by the IFoA as retired.
Technical skills	Skills which are technical in nature and specific to a member's area or role.

Schedule 5

CPD Schemes recognised by the IFoA

- **Institute of Actuaries of Australia (Australia)**
- **Canadian Institute of Actuaries (Canada)**
- **Institut des Actuaire (France)**
- **Deutsche Aktuarvereinigung e.V. (Germany)**
- **Actuarial Society of Hong Kong (Hong Kong)**
- **Society of Actuaries in Ireland (Ireland)**
- **Actuarial Society of Malaysia (Malaysia)**
- **Het Actuarieel Genootschap (Netherlands)**
- **New Zealand Society of Actuaries (New Zealand)**
- **Singapore Actuarial Society (Singapore)**
- **Actuarial Society of South Africa (South Africa)**
- **Association Suisse des Actuaire (Switzerland)**
- **American Academy of Actuaries (United States)**
- **Casualty Actuarial Society (United States)**
- **Society of Actuaries (United States)**



Institute
and Faculty
of Actuaries

Membership Statistics

Member Category	Members
Affiliate	588
Associate	413
Fellow	12,004
Honorary - Full	97
Student	13,384
Student Actuarial Analyst	75
Total	26,561
Location	Members
UK (inc Northern Ireland)	15,090
Europe (inc Republic of Ireland)	2,254
Overseas	9,120
Honorary - Full	97
Total	26,561
Fellows by practice areas	Members
Pensions and employee benefits	2873
Life insurance	3421
Health and care insurance or advice	175
General insurance	1528
Investment management	584
Investment banking (advisory, finance)	118
Education	136
Information technology	46
Enterprise Risk Management	179
Other actuarial	243
Other non-actuarial	150
Unknown	1002
Retired	1646
Total	12101

Top 10 positions held						
Position	Affiliate	Associate	Fellow	Student	Student Actuarial Analyst	Grand Total
Actuarial Analyst	11	3	38	905	7	964
Actuarial Trainee	1		7	275	1	284
Actuary	7	4	488	86		585
Consultant	4	5	219	172		400
Director	16	10	284	27		337
Manager	4	3	130	99		236
Partner	4	1	192	5		202
Senior Actuarial Analyst	2	2	20	156		180
Senior Consultant	1	2	137	60		200
Trainee Actuary			3	204		207



Employer Statistics

Top 10 employers / number of members by category							
Organisation Name	Fellow	Student	Associate	Student Actuarial Analyst	Affiliate	Honorary	Grand Total
Towers Watson	610	377	12		10	3	1,012
Mercer	445	336	7	4	6		798
Aon Hewitt	370	207	7		1		585
Aviva	294	244	3	1	10		552
Pricewaterhouse Coopers	264	225	5		6		500
KPMG	238	196	2		5	1	442
Prudential	230	176	1	2	4		413
Deloitte	151	174			3		328
Legal & General	189	131	3		4		327
Zurich	132	164	1	1	6		304

Top 10 employers by UK Office / number of members by category							
Organisation Name	Fellow	Student	Associate	Student Actuarial Analyst	Affiliate	Honorary	Grand Total
Towers Watson							
Birmingham	20	13					33
Bristol	19	19					38
Cambridge	8	3					11
Edinburgh	18	9					27
Leeds	33	16					49
London	178	115	2		1		296
Manchester	46	17					63
Redhill	1	1					2
Reigate	164	87	5		3		259
Total	487	280	7	0	4	0	778
Mercer							
Alcester		1					1
Belfast	10	19		4			33
Birmingham	32	22					54
Bristol	8	2	1				11
Chichester	1						1
Edinburgh	23	13					36
Glasgow	9	9	3				21

Leatherhead	3	1					4
Leeds	26	15					41
Liverpool	12	8			1		21
London	131	52			1		184
Manchester	47	19			1		67
Windsor	4	4					8
Woking	33	11					44
Total	339	176	4	4	3	0	526
Aon Hewitt							
Birmingham	29	19	1				49
Bristol	31	19					50
Edinburgh	2	1	1				4
Epsom	39	23					62
Farnborough	16	4					20
Glasgow	3	5					8
Harrow	1	1					2
Leeds	42	15	2				59
London	112	46			1		159
Manchester	2	2					4
St Albans	67	21					88
Total	344	156	4	0	1	0	505
Aviva							
Bristol	2						2
Eastleigh	5	8		1			14
London	79	29	1		4		113
Norwich	51	47			2		100
Perth	2						2
York	116	90	1		2		209
Total	255	174	2	1	8	0	440
PricewaterhouseCoopers							
Belfast					1		1
Birmingham	11	10					21
Bristol	15	8					23
Cardiff	2						2
Derby	1						1
Edinburgh	7	5					12
Leeds	12	10	1				23
London	142	123	2				267
Manchester	17	18					35
Reading	2	6					8
Uxbridge	1						1
Total	210	180	3	0	1	0	394
KPMG							
Altrincham	1						1
Birmingham	16	21					37

Bristol	8	11					19
Bromsgrove		1					1
Edinburgh	8	4					12
Glasgow	9	5			1		15
Greater Manchester		2					2
Leeds	10	11					21
London	119	67	2		3		191
Manchester	19	17					36
Reading	14	13					27
Total	204	152	2	0	4	0	362
Prudential							
Bournemouth	3	2					5
Lancing	1	1					2
London	103	61	1	2	4		171
Reading	1						1
Stirling	81	35					116
Total	189	99	1	2	4	0	295
Deloitte							
Belfast	4	9					13
Birmingham	4	5					9
Edinburgh	7	8					15
Glasgow	2						2
Leeds	5	5					10
London	67	75			3		145
Manchester	6	5					11
Total	95	107	0	0	3	0	205
Legal & General							
Birmingham	6	11					17
London	39	7	2				48
Tadworth	143	113	1		4		261
Total	188	131	3	0	4	0	326
Zurich							
Birmingham	4	5					9
Catalonia		1					1
Cheltenham	1	1					2
Fareham	8	14			1		23
Farnborough	2	5					7
London	12	21			1		34
Swindon	30	30		1			61
Total	57	77	0	1	2	0	137

Top 10 employers / rest of the world / number of members by category

Organisation Name	Fellow	Student	Associate	Student Actuarial Analyst	Affiliate	Honorary	Grand Total
Towers Watson							
Amstelveen	1	1					2
Amsterdam						1	1
Atlanta	1	1					2
Bangalore		5					5
Bangkok		1					1
Beijing		1					1
Boston	2	2					4
Cape Town	5	4			1		10
Chicago	4					1	5
Cologne		1					1
Dublin	47	20	1				68
Frankfurt	1		1				2
Gurgaon	6	23					29
Hamilton	1	1					2
Irvine	2	1	1				4
Istanbul	2	1					3
Jakarta		1					1
Johannesburg	2	4			1		7
Kolkata		2					2
Kuala Lumpur	3	5					8
Lisbon	2	5					7
Madrid					1		1
Melbourne					1		1
Melrose Arch	8	2			1		11
Milan		1					1
New York	11	1					12
Paris		1					1
Phoenix	1						1
Pittsburgh	1						1
Rome	1						1
San Diego	1						1
San Francisco	1						1
Shanghai	1	2					3
Singapore	2	5					7
Stamford	1						1
Stockholm	2	3					5
Sydney	3						3
Tokyo	1				1	1	3
Toronto	2						2
Vancouver	1						1

Wanchai	7	3	2				12
Total	123	97	5	0	6	3	234
Mercer							
Atlanta	1						1
Auckland Central	1	1					2
Auckland City		1					1
Bangalore		1					1
Boston	3						3
Calgary	1						1
Chicago	3						3
Cork	15	4					19
Denver Co		1					1
Dubai		3	1				4
Dublin	42	39					81
Dusseldorf		1					1
Frankfurt	1						1
Geneva	1						1
Gurgaon		55					55
Lisbon		5					5
Los Angeles					1		1
Melbourne	3	2	1				6
Munich	1						1
New York	9	4	1				14
Noida		37					37
Norwalk		2					2
Nyon	1						1
Paris	2						2
Princeton	1						1
San Francisco	5						5
Seattle					1		1
Singapore		2					2
Sydney	7				1		8
Tokyo	1						1
Toronto	2	2					4
Vancouver	3						3
Wan Chai	2						2
Zurich	1						1
	106	160	3	0	3	0	272
Aon Hewitt							
Brussels	1						1
Budapest		1					1
Cork	3	2					5
Dublin	9	8					17
Gurgaon		4					4
Istanbul		1					1

Kuala Lumpur		1					1
Los Angeles	1	1					2
Mumbai	1						1
Nicosia	2		2				4
Noida		30					30
Norwalk	1						1
Port Louis	2	2					4
Seoul		1					1
Somerset	1						1
Sydney	2						2
Vancouver	2						2
Zurich	1		1				2
Total	26	51	3	0	0	0	80
Aviva							
Beijing		1					1
Bois Colombes		1					1
Chennai		4					4
Dublin	24	23					47
Dublin 2	1	5					6
Gurgaon	2	10					12
Haryana		2					2
Istanbul		3					3
Madrid	1						1
Scarborough	1	2	1				4
Singapore	6	13					19
Taikoo Shing		1					1
Vilnius					1		1
Warsaw	5	4			1		10
Total	40	69	1	0	2	0	112
PricewaterhouseCoopers							
Amsterdam	2						2
Athens	1	1					2
Auckland	2						2
Bangkok	1	1					2
Beirut		1					1
Cape Town	3		1				4
Central	2	1					3
Chicago	3						3
Douglas	1	3					4
Dublin	10	9			1		20
Dublin 1	1						1
Geneva 2	1						1
Halandri		1					1
Hamilton		1					1
Harare		1					1

Hong Kong		1					1
Johannesburg	5	1					6
Madrid					1		1
Milan	1	1					2
Moscow		9					9
Mumbai	2	2					4
Nairobi		1					1
Neuilly-Sur-Seine	1						1
New York	5						5
Perth	1				1		2
Prague		1					1
Shanghai	1	1	1				3
Singapore	2	3					5
Southbank	1	2			1		4
Sydney	3	1			1		5
Vilnius		1					1
Wellington	1						1
Zurich	3	3					6
Total	53	46	2	0	5	0	106
KPMG							
Atlanta	1						1
Bangalore		2					2
Beijing	1						1
Blantyre		1					1
Bratislava		6					6
Bucharest		1					1
Cape Town	2	1					3
Central	1	5					6
Dublin	11	6					17
Grand Cayman	1						1
Gurgaon		1					1
Hamilton		2					2
Harare		1					1
Johannesburg	3	2					5
Kenya		2					2
Melbourne	1						1
Moscow		6					6
Petaling Jaya		1					1
Pieta		1					1
Shanghai		1					1
Singapore		3					3
Sydney	6	1				1	8
Toronto	1	1					2
Warsaw	1						1
Zurich	5				1		6

Total	34	44	0	0	1	1	80
Prudential							
Bangkok		1					1
Central	14	4					18
Claremont	2	2					4
Dublin	6	6					12
Ho Chi Minh City	1	2					3
Hong Kong	3	3					6
Jakarta	1	2					3
Kuala Lumpur	6	17					23
Mumbai		27					27
Newark		2					2
Singapore	4	10					14
Taipei	3	1					4
Warsaw		1					1
	40	78	0	0	0	0	118
Deloitte							
Admiralty	6	5					11
Amstelveen	1						1
Beijing	3	2					5
Cape Town	3	1					4
Chicago	1						1
Cologne	2	2					4
Dublin	7	7					14
Gallo Manor	10	3					13
Gurgaon		7					7
Hamilton	1	1					2
Harare		1					1
Hyderabad		20					20
Hyderabad		1					1
Johannesburg	4	7					11
Moscow		1					1
Munich	1						1
Nairobi		1					1
Neuilly-Sur-Seine	1						1
New York	1						1
Petaling Jaya		1					1
Prague 8		1					1
Sandton	2	2					4
Singapore	1	1					2
Sydney	3						3
Taipei	1						1
Toronto	4	2					6
Vienna	1						1

Wellington	2						2
Zurich	1	1					2
Total	56	67	0	0	0	0	123
Legal & General							
Shanghai	1						1
Total	1	0	0	0	0	0	1
Zurich							
Ballsbridge	1						1
Barcelona	1						1
Blackrock	18	23					41
Bonn	1						1
Bratislava		21					21
Douglas	6	11					17
Dubai		2					2
Dublin	12	9			1		22
Dublin 1	3						3
Frankfurt Am Main	1						1
Johannesburg	1						1
Kuala Lumpur	2	6					8
Marshalltown	1						1
New York	1						1
North Sydney	4						4
Quarry Bay	1				1		2
Schaumberg	3	1					4
Shanghai		1					1
Singapore	1	2					3
Slovakia		3					3
Zurich	18	8	1		2		29
Total	75	87	1	0	4	0	167



Practising Certificates

Issued Certificates			
Certificate Type	2012/13	2013/14	2014/15
Life Actuary (including with-profits)	131	129	36
Life Actuary (not including with-profits)	27	30	9
Actuarial Function Holder/Reviewing Actuary			96
With Profits Actuary			40
Lloyd's Syndicate Actuary	56	57	56
Scheme Actuary	940	918	887
TOTAL	1,154	1,134	1,124

Certificates not renewed			
Certificate Type	2012/13	2013/14	2014/15
Life Actuary (including with-profits)	7	9	14
Life Actuary (not including with-profits)	4	3	3
Lloyd's Syndicate Actuary	2	5	7
Scheme Actuary	49	45	58
TOTAL	62	62	82

Certificates declined			
Certificate Type	2012/13	2013/14	2014/15
Life Actuary (including with-profits)	0	2*	1
Life Actuary (not including with-profits)	0	0	0
Lloyd's Syndicate Actuary	2	0	0
Scheme Actuary	3	6	5
TOTAL	5	6	6



CPD Statistics

Members in scope by category	
Category 1 (Practising certificate holders)	1,092
Category 2 (including members who are affiliated to another actuarial body for CPD purposes)	8,275
Category 3 (partially regulated)	1,629
Category 4 (Certified Actuarial Analysts)	
Category 5 (Students)	13,335
Category 6 (Student Actuarial Analysts)	75
Category 7 (Retired)	1,470
Category 8 (Affiliates & Honorary Fellows)	685
TOTAL	26,561

CPD Audits over 3 years			
Category	2012/13	2013/14	2014/15
Category 1 (Practising certificate holders)	101	96	83
Category 2 (including members who are affiliated to another actuarial body for CPD purposes)	606	664	757
TOTAL	707	702	840

Types of CPD recorded external/internal	
Category	
External events recorded	54%
Internal events recorded	46%



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Consultations issued by the IFoA

Consultations issued over the last year
The Regulation of the Chief Risk Officer under the Solvency II regime
The Regulation of the Chief Actuary under the Solvency II regime
ED34: Duties and Responsibilities for Actuaries working for Trust-Based Pre-Paid Funeral Plans



Professional Support Service

The Professional Support Service (PSS) is a free guidance service offered by the Institute and Faculty of Actuaries (IFoA) to its members.

The PSS aims to provide all members with an opportunity to gain the benefit of our experienced panel members' views on professional and technical actuarial matters, in a timely manner, with a view to helping maintain the public confidence in the actuarial profession.

Members are invited to submit questions on the application of the following professional and technical standards:

- ❖ the Actuaries' Code
- ❖ Actuarial Profession Standards
- ❖ Guidance Notes
- ❖ Technical Actuarial Standards issued by the FRC

Queries are first considered and anonymised by members of the Profession's staff before being allocated to one of the following topic-specific panels of experts who consider the queries and provide guidance:

- ❖ Professionalism
- ❖ Pensions
- ❖ Life Insurance
- ❖ General Insurance
- ❖ Finance and Investment
- ❖ Health and Care
- ❖ Enterprise Risk Management
- ❖ Overseas Issues

The PSS also deals with general enquiries of an ethical nature which may arise in the course of conducting actuarial work.

More about the operation of the PSS can be found in the PSS [User Guide](#).

1. How many queries has the PSS received in the last year?										
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
3	1	2	1	2	5	2	2	2	2	1
									TOTAL	23

2. How many queries relate to Pensions / Life / Professionalism etc?	
Pensions	7
General insurance	2
Professionalism	4

3. How many non-panel queries does the PSS receive?	
The PSS has received 10 in the last year, which covered the below topics:	
<ul style="list-style-type: none"> • Becoming an actuarial contractor • Brief advice on TAS requirements for some specific projects • The Actuary as an Expert Witness • An email containing confidential information has been sent to an unknown email id by mistake 	

4. What topics – are there any recurring themes?	
Recurring topics received through the PSS are:	
<ul style="list-style-type: none"> • Actuaries' Code • APS X2 • APS P1 	

5. Where are the enquirers based?	
The majority of queries are received from UK based members, although queries have been received from the USA, Israel, Mauritius, Germany, Dublin, Japan, Singapore, South Africa, Bermuda, Jamaica, India, Gibraltar and Cyprus.	

6. How many FRC Standards (formerly BAS TASs related queries?	
In the last year there have been no queries relating to FRC Standards	

7. How many queries were from non members of the Profession?	
There has been 1 query from a non-member in the last year.	

8. What is the time lapse between receipt of query and response issued?	
Queries are acknowledged within two working days of receipt and where possible are responded to in full within 15 working days.	
The PSS aims to respond to queries as soon as possible; however the speed of response will ultimately depend on the nature and complexity of the query.	
In a small number of cases, the PSS may be unable to provide a full response within 15 working days. In those cases, the Profession's staff will contact the member and explain the reason for the delay.	



Firms with DPB Status

Firm
Atkin Trustees Limited
Barker Tatham Investment Consultants Ltd
Barnett Waddingham Actuaries & Consultants Limited
Barnett Waddingham LLP
BBS Consultants & Actuaries Limited
First Actuarial LLP
Golding Smith & Partners Ltd
Harvey & Clamp LLP
HJC Actuarial Consulting
Hughes Price Walker Ltd
Hymans Robertson LLP
J A Jolliffe & Co
Jagger & Associates Ltd
Lane Clark & Peacock LLP
M.L. Owen & Co. Limited
Manor Park Financial Services
Mitchell Consulting Actuaries Ltd
Nigel Sloam & Co
Philip Channack
Quattro Pensions Consulting Ltd
Thomson Dickson Consulting
Verulam Consultants



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Annual Report

of the Disciplinary Board of the
Institute and Faculty of Actuaries

Year to 31 December 2014

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Chair's report



I am pleased to present the Institute and Faculty of Actuaries (IFoA) Disciplinary Board's Annual Report on the operation of the Disciplinary Scheme in 2014.

The following pages provide some detailed statistical information on the numbers and nature of cases dealt with in 2014 which I hope you will find of interest.

The Board's remit is set out in the Rules of the Institute and Faculty which forms Appendix 3 to this report.

The Board set itself objectives in 2014 which were designed to focus our oversight remit by highlighting specific areas where we sought to identify improvements in the Disciplinary Scheme, in the public interest. These are detailed in Section 1 of this report. We have also explained the work we have done to meet these objectives. In concluding this section of the Annual Report, the Board looks ahead to 2015 and comments on its aspirations for the coming year, setting objectives which build upon the work to date.

The relatively low number of cases considered under the process makes it difficult to identify significant trends or issues. The low numbers of cases referred in 2014 is in itself something that the Board wishes to explore further. In the interim, we will continue to monitor the caseload level in 2015. We are pleased to note that the IFoA has recently reviewed and republished its "Whistleblowing Guide for Actuaries" and "Whistleblowing Guide for Employers of Actuaries" and that this is a focus of the professional training which is being made available to all IFoA members.

Of the 2014 caseload, poor communication appears to be an avoidable aggravating factor in many instances, and a principal cause of grievance in others. The importance of regular contact and expectation management with users of actuarial services is a salutary lesson to note for all IFoA members and we will be drawing this to the attention of the Regulation Board by asking them to consider what additional steps could be taken to tackle this.

In carrying out its work, the Board recognises the increasingly worldwide membership of the IFoA. For this reason, it has carried forward its objective relating to the international applicability and relevance of the Disciplinary Scheme into its 2015 programme of work. We are especially keen to hear from our members and users of actuarial services outside the UK with their views on the particular challenges they face, and welcome views on where our process could be refined to reflect those issues.

As always, I would like to take this opportunity to extend my thanks to the many volunteers who give freely of their time and knowledge to ensure that the Disciplinary Scheme operates to the high standard expected of IFoA members, our stakeholders and the public at large. I would also like to extend a sincere invitation to all readers of this Annual Report to let us have your comments, views and feedback on the issues raised in the Annual Report. Details of how to contact the Board are at the end of this document.

With very best wishes,

Jane Irvine
Chair

Review of the year

As has become our established practice, we take this opportunity to review our progress against the objectives which we agreed at the beginning of the year. We have made some significant steps forward in progressing the disciplinary elements of the IFoA's published Regulatory Strategy. A copy of the Strategy can be found on the website at

www.actuaries.org.uk/research-and-resources/documents/regulatory-strategy.

The following table shows each of our objectives for 2014 and we have provided some information on our progress in achieving them.

	What we said we would do	What we did
1	The Board recognises the importance of good communication throughout the disciplinary process to ensure that it is informative, clear and timely. We consider that this is particularly true in relation to communication about expected timescales. The Board said that in 2014, it would review the suite of correspondence to ensure that it is fit for this purpose and capable of meeting this objective.	<p>We have completed a review all of the IFoA's disciplinary related communications. Our review has resulted in a new suite of correspondence being developed which will be used in future to enhance our communications with those affected by the Disciplinary Scheme</p> <p>We also carried out a review of our internal timescales and processes to ensure that all of our communication is timely and informative. As a result, a number of internal process related improvements have been adopted. These include improvements to the internal case management system and reporting processes, which have been sharpened to facilitate the Board's role in carrying out effective scrutiny of the relevance, effectiveness and proportionality of the Scheme.</p> <p>Flowing from these reviews, we have identified a need for a more detailed consideration of our existing Independent Examiner process, and this work is ongoing.</p>
2	The Board is alert to the need for consistency of decision making and outcomes as this can be seen as a measure of the fairness of the Scheme overall, with consistency of treatment throughout the process equally important. The Board therefore said that achieving this consistency would be a focus for activities over 2014 with specific training on consistency included in the spring/summer session.	<p>In the summer, the Board organised three training events attended by Disciplinary Board members, those sitting on our Disciplinary Panels and by those members who volunteer to assist us with the investigation of allegations against our members. These events were well attended and attracted positive feedback from attendees.</p> <p>The training days successfully drew out some of the difficulties which may be faced in the disciplinary process with a view to ensuring that a consistent and proportionate approach is taken to the handling of cases, balanced against the need for each case to be decided on its own facts and circumstances.</p> <p>Additionally, the Board welcomed the appointment of a Lay Tribunal Convener for the first time. This appointment will help to achieve an appropriate level of consistency and clarity to Tribunal Decisions and we support the newly appointed Lay Disciplinary Tribunal Convener in the delivery of a number of initiatives directed at the consistency and quality of our Panels and their determinations.</p> <p>We have supported the Disciplinary Appointments Committee (DAC) in its moves to harness new talent to play a role in the disciplinary process, both in relation to sitting on Panels and Tribunals and in filling</p>

		<p>the Investigation Actuary role. We have seen the direct positive impact in the quality of appointments and improvements in service following the DAC's moves to introduce a more transparent and consistent appointment process for these critical and influential roles.</p> <p>We have looked at our policy on recovery of costs to ensure consistency, not only across our own cases, but by benchmarking against other comparable regulators.</p>
3	<p>The Board wanted to ensure that the disciplinary regime remains aligned with the growing international nature of the membership.</p> <p>The Board has previously reviewed and expressed satisfaction with the wording of the Disciplinary Scheme which allows for the equivalence of treatment of IFoA members who are the subject of disciplinary action, whatever their geographic location, as promoted by the Regulatory Strategy.</p> <p>In 2014, the Board wished to turn its focus to the practicalities of that international application to ensure that the IFoA stand equipped to address the changing geographic demographics of our members.</p>	<p>The Board has continued to build upon its knowledge of the international dimension to the IFoA's membership base, working with the IFoA's Regulation Board to understand the current and future disciplinary caseload in the context of the wider regulatory framework and to develop a broader understanding of the current challenges and issues facing IFoA members internationally. We will build on this knowledge further in 2015 to ensure that the disciplinary process operates effectively irrespective of the location of the allegation under investigation or of the parties involved.</p> <p>Over the course of the year, we have been interested to see that the IFoA's disciplinary process has dealt with cases in Australia, Gibraltar, India, Mauritius and Kenya and we continue to monitor the interplay of our process in other jurisdictions, to ensure that the user experience remains at the high levels we expect.</p>

Looking forward to 2015

Against the background of progress described above, the Board has considered the specific objectives it wishes to achieve over the course of 2015. The table below summarises those objectives and details how we intend to address them.

The IFoA now has over half of its membership based outside of the UK so monitoring international developments will continue to be important and the international aspects of membership will remain a focus for 2015.

Importantly, in delivering these objectives, the Board will work in tandem with the Regulation Board, whilst maintaining its essential independence.

	What we will do	How we will measure success
1	Reinforce the effectiveness of the IFoA's disciplinary arrangements, including through implementation of changes approved by Council in 2013/2014.	<p>We will continue to drive through ongoing initiatives to improve the speed and efficiency of the process and to ensure the fairness of outcomes.</p> <p>We will review and monitor the progress made in relation to the consistency and clarity of Panel decisions.</p> <p>We will also monitor the clarity of communication and engagement of all users of the Scheme during investigatory stages, and implement any improvements by means of training and guidance to all of those involved in the Scheme.</p> <p>We will continue to work with the Regulation Board to share issues, trends, and information relevant to the work of the respective Boards, in pursuance of both the Regulation Board's strategic objectives and our oversight responsibility of disciplinary matters.</p>

2	<p>Building on the international knowledge gained in 2014, we will monitor the IFoA case load in 2015, in relation to cases from outside the UK and ensure that the Disciplinary Scheme is operating effectively without geographical or cultural limitations.</p>	<p>We will analyse member numbers and their geographic location and will monitor the location and number of disciplinary cases in order to critique any emerging patterns of behaviour.</p> <p>We will consider the impact of the growth of the IFoA membership internationally in relation to new categories of membership to ensure that any novel challenges, which, for example, the new Certified Actuarial Analyst category of membership poses, are reflected in our disciplinary process.</p> <p>Where cases arise outside of the UK, we will investigate the processes which have been undertaken to ensure that the quality of the disciplinary experience is equivalent for all members.</p> <p>The Board will benchmark the IFoA Disciplinary Scheme against best practice displayed by actuarial and other relevant regulators both in the UK and abroad.</p>
3	<p>We will be proactive in raising awareness of the Disciplinary Scheme, its process and benefits.</p>	<p>We will engage in a programme of communication about the Disciplinary Scheme, to improve understanding of how it works and to explain when it is the appropriate route for the general public and members who have concerns about the conduct of IFoA members.</p> <p>We will actively seek views on perceived barriers to use of the Scheme.</p> <p>We will engage with members to encourage them to speak up, where they have concerns.</p> <p>We will review other professional bodies' schemes in 2015 to ensure that we identify best practice and that we work to the highest standards of efficiency and effectiveness.</p> <p>We will work with our IFoA offices elsewhere in the world to improve the local understanding and familiarity with our Scheme.</p>
4	<p>In 2014, the Board started to consider the role the Independent Examiner plays in the IFoA process. We will carry out a full review of that role in 2015.</p>	<p>We will complete a review of the Independent Examiner role by the end of the year giving due consideration to the advantages, risks and issues associated with the role.</p>

Statistical report on casework

The following statistics provide an insight into the caseload our disciplinary teams have been involved in over the course of 2014.

1. Analysis of allegations made in 2014

Table 1 shows the number and types of complaints received since 2009. In 2014 there were five new non-CPD and one CPD complaint received - a significant drop from the previous two years. There were no complaints received against holders of Practising Certificates. (See Table 2)

Four of the complaints related to circumstances where the actuary acted as an expert and prepared a report in divorce proceedings. The IFoA has issued a mandatory Standard and accompanying Guidance on the role of actuaries as expert witnesses, effective from 1 January 2015, which it is hoped will assist members working in this area to ensure that the desired standard is achieved. The Board will continue to monitor issues and trends and share appropriately, to inform the IFoA's regulatory guidance, training and CPD provision.

Table 1 – Number of complaints received

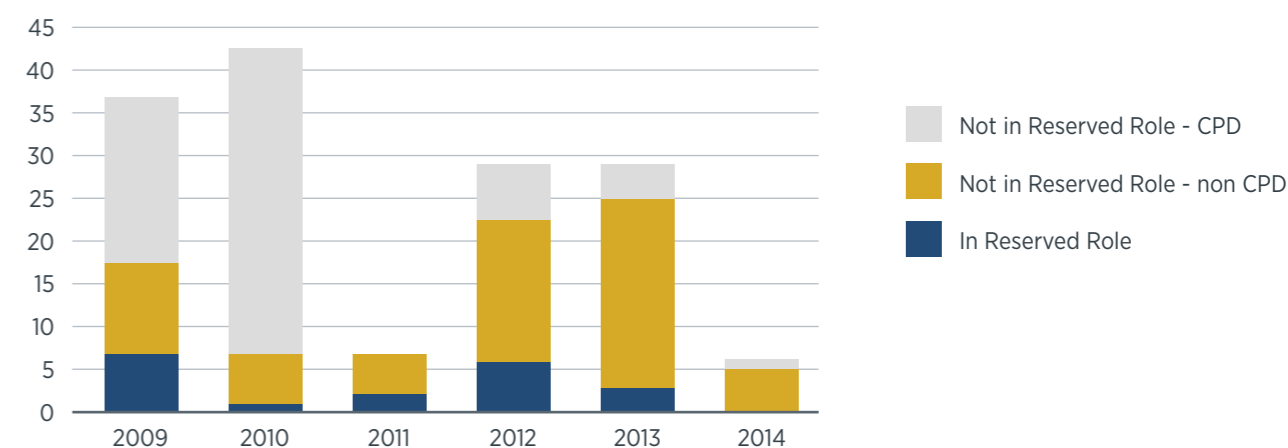


Table 2 – Analysis of Respondents

Number of Respondents	2009	2010	2011	2012	2013	2014
In Reserved Role	7	1	2	6	3	0
Not in Reserved Role	30	42	5	23	26	6

Tables 3 reflects the recorded branch of practice of the Respondents in the last six years but it is important to note that the allegation may not relate to technical work in that area.

Table 3 – Practice area

All Respondents	2009	2010	2011	2012	2013	2014
Education	1	-	-	-	-	-
General insurance	1	6	2	1	2	1
Health and care insurance	1	2	-	-	-	-
Investment banking	-	3	-	1	1	-
Investment management	4	5	1	1	-	-
Life Insurance	6	10	2	14	2	1
No information recorded	7	2	-	-	2	1
Other actuarial	-	2	-	2	1	-
Other non-actuarial	1	1	-	1	2	-
Pensions	14	12	2	6	13	4
Student	2	-	-	-	6	-
Retired	-	-	-	3	-	-
Total	37	43	7	29	29	7

Table 4 below outlines the main issues raised in the allegations. Please note: an allegation can contain more than one issue. For example, the four allegations concerning the role of the actuary as an expert in 2014, as well as raising possible technical concerns about that role, additionally raised issues of inadequate communication with clients or third parties through failure to clarify initial instructions, unclear engagement letters, not keeping clients updated, failure to progress matters promptly and issuing reports which were either misleading or not properly checked.

Table 4 – Issues raised

Issue	Number of instances
CPD compliance	1
Inadequate communication	4
Role as expert	4
Technical incompetence	1
Unreasonable behaviour	1

Table 5 shows the source of the complaints which have been investigated. An analysis of the cases shows that they come from diverse sources in terms of subject matter, location and branch of practice of the Respondents and therefore we are of the view that there are no themes emerging in 2014 other than the poor communication to users of actuarial services, in particular last year's relating to actuaries acting as an expert witness as highlighted above. These cases are noted in the table below, which shows that four of the complainants were members of the public whose complaint related to the expert report prepared during their divorce proceedings.

Table 5 – Source of complaints

Complainants	2009	2010	2011	2012	2013	2014
Chairman - Board of Examiners	2	-	-	-	4	-
Employee of the Actuarial Profession/IFoA	19*	36*	-	7*	4*	-
Executive referral**	-	-	-	-	1	1
Former employer	-	-	-	1	-	-
Institute of Actuaries of India	-	2	-	-	-	-
Members of the public	2	1	-	6	3	4
Other Actuaries	10	2	4	15	10	1
Other regulator	3	-	1	-	2	-
Other	-	-	-	-	2	-
Pensions Protection Fund	1	1	-	-	-	-
Self-reported	-	1	2	-	-	-
Trustees of pension schemes	-	-	-	-	3	-
Total	37	43	7	29	29	6

* With the exception of one case in 2010 and one case in 2012, all of these cases were referred under the Institute and Faculty's CPD Scheme.

** The process adopted by the IFoA in 2013 where members of IFoA staff refer cases which have come to their attention. For example, these cases may arise where a member is convicted of a serious criminal offence, where there is a failure to comply with the CPD Scheme, where a member fails to co-operate with an investigation or where another regulator or professional body raises concerns about the conduct of a member, as a result of their own investigations into other matters.

Appendix 2 shows the stages a case can take from start to finish. Progress of a case depends on individual facts and circumstances and the process chart provides a skeletal outline. After an investigation is complete, a case report will be passed to an Adjudication Panel to consider. The following section provides information on that stage of our process.

2. Adjudication Panels held January - December 2014

Each Adjudication Panel typically consists of two Fellows of the IFoA and one lay member. A qualified independent legal advisor will also be present.

The Adjudication Panel (by simple majority) determines whether a Case Report (summarising the result of the investigation) discloses a prima facie case of Misconduct. If so, the Panel will either:

- invite the Respondent to accept that there has been Misconduct (and, where the Adjudication Panel considers it appropriate, to accept a sanction);
- decide that the matter should be referred to a Disciplinary Tribunal Panel; or
- decide that the Case Report discloses no prima facie case of Misconduct and that no further disciplinary action is taken against the Respondent.

During 2014, nine Adjudication Panel meetings were held, at which a total of 18 Case Reports and two Advisory Reports were considered. Also included was one case referred back by the Independent Examiner for reconsideration by a newly constituted Panel.

Of those 20 cases, five were from 2012 and 15 from 2013. Four of the cases were in respect of a member in a Reserved Role.

Table 6 details the outcomes of the 20 cases considered at Adjudication Panel in 2014.

Table 6 – Determinations of Adjudication Panels in 2014

Determinations	Number of cases
Complaint dismissed	9
Misconduct – sanctions accepted by Respondent	4
Misconduct – sanctions not accepted by Respondent and so referred to Disciplinary Tribunal Panel	2
Panel referred to Disciplinary Tribunal Panel	5

A significant number of cases considered by Adjudication Panels were dismissed. This can be better understood against the background of the decision taken by the Board to ensure that all complaints made will be fully investigated without any initial filter. For example, four of the dismissed cases touched upon employment related issues which could not, in the opinion of the Panels concerned, be properly classified as Misconduct. The remainder largely related to allegations of inadequate communications with clients or third parties, which the relevant Panels considered to be of a minor nature falling below the threshold of Misconduct, after full and proper consideration of all the evidence. The Executive and the Board continue to review and monitor the proportionality of this approach.

Details of the cases where there were findings of misconduct and/or which were referred to the Disciplinary Tribunal Panel can be found at the determinations page on our website.¹

Of the four cases where misconduct and a sanction were accepted by the Respondent (as set out in Table 6), two related to inadequate communication with clients, concerning the progression of expert reports on divorce proceedings. In both cases the Adjudication Panel made an order of 40 hours supervised practice. A third case was in respect of a failure by an actuary to prove participation in CPD activity as required by the CPD Scheme and the fourth case involved a lack of integrity shown by an actuary in sending confidential material to a personal email account which was a breach of the their contract of employment and the panel determined such behaviour fell below the standards of integrity expected of a member.

Of the cases referred to a Disciplinary Tribunal Panel, four relate to the conduct of actuaries in the roles of Scheme Actuaries across a number of schemes and include various material breaches of Technical Actuarial Standards (TASs) and other regulatory guidance. The other referral related to a self-reporting member convicted of the indictable offence of murder.

Table 7 – Sanctions applied in determinations of Adjudication Panels in 2014

Sanctions accepted by Respondent	Number of cases
Reprimand and £750 fine	1
Reprimand and £4,000 fine	1
Reprimand and 40 hours supervised practice	1
Reprimand, £6,000 fine and 40 hours supervised practice	1

Timeframes

The Disciplinary Board has set time frames within which determinations should be issued by Adjudication Panels as follows:

- normally within six weeks from receipt of Case Report for dismissal or referral to a Disciplinary Tribunal Panel; and
- normally within six further weeks where a sanction is offered, including four weeks for the Respondent (i.e. the actuary or actuaries about whom the complaint is made) to consider the offer and reply.

In only eight cases, the timescales were not met. However this figure includes cases where there were two co-respondents with related allegations. There are three main issues with meeting the target time frames, as follows:

- complexity of cases relating to matters concerning two co-respondents and high volumes of documents being considered;
- extensions being granted for respondents to reply; and,
- difficulties encountered in convening a Panel due to lack of availability of Panel members.

It is not envisaged that the issues encountered are trends for the future but the Board intends to continue to monitor cases to ensure early identification of any emerging patterns or trends.

Reference is made at Section 4 below to the Independent Examiner's part in the disciplinary process. The nature of that process leads to an extension of the timescale within which cases are fully completed. The Board has reviewed the efficiency of the process and the proportionality of any delay, and has taken steps to address the immediate issues which gave rise to delay in 2014 and will continue to address this in 2015, as part of the objectives described in Section 1 above.

3. Disciplinary Tribunal Panels held January - December 2014

During 2014, 10 Disciplinary Tribunal Panel hearings were held, at which a total of 15 cases were considered. Three of the cases have been adjourned and should be completed early 2015.

Of those 15 cases, one was from 2011, eight from 2012 and six from 2013. Three of the cases were in respect of a member in a Reserved Role.

Table 8 details the outcomes of the 12 cases concluded at Disciplinary Tribunal Panels in 2014 of which one is the subject of an appeal. The determinations can be found in the discipline section of our website.²

Of the four cases dismissed, three raised allegations of exam cheating (misconduct was established in a fourth related case) and one was in respect of failure to comply with the CPD Scheme.

Of the seven cases where Misconduct was found and sanction accepted, four related to exam cheating and breaches of the CPD Scheme, one was in respect of an actuary convicted of murder, one was in respect of an actuary who had contacted a regulator concerning a draft report he had prepared when it was inappropriate for him to have done so and one related to failings in respect of valuations of a funeral plan trust.

Table 8 – Determinations of Disciplinary Tribunal Panels in 2014

Determinations	Number of cases
Charge dismissed	4
Misconduct – sanctions accepted by Respondent	7
Misconduct – but subject to appeal.	1

Table 9 gives details of the sanctions in the seven cases where sanctions were accepted by the Respondent.

Table 9 – Sanctions of Disciplinary Tribunal Panels in 2014

Sanctions accepted by Respondent	Number of cases
Reprimand	1
Reprimand and £3,000 fine	1
Reprimand and £5,000 fine	1
One year suspension	1
13 month suspension	1
Expelled two years	1
Excluded five years	1

¹ www.actuaries.org.uk/regulation/pages/regulationprofessional-conduct-and-disciplinedeterminations

² www.actuaries.org.uk/regulation/pages/regulationprofessional-conduct-and-disciplinedeterminations

Costs awards of Disciplinary Tribunal Panels in 2014

During 2014, the costs awards, in favour of the IFoA, were awarded ranging from £2,633 to one award of £100,000. A total of £124,144.00 was recovered in this manner, after consideration by the relevant Disciplinary Tribunals. These are related to external costs for Tribunals only, but from March 2015, limited internal cost recovery applications will also be considered by Tribunals in appropriate circumstances.

4. Applications to the Independent Examiner

If a Panel decides that there is no prima facie finding of Misconduct, the person who made the allegation is entitled to refer the case to an Independent Examiner for review on the following grounds:

- that the determination of the Adjudication Panel was manifestly unreasonable, inconsistent with the evidence or wrong in law; and/or
- that there was injustice because of a serious procedural or other irregularity in the proceedings before the Adjudication Panel; and/or
- that significant and relevant new evidence has come to light which was not previously available and could not reasonably have been made available during the investigation.

Ten applications to the Independent Examiner were made during 2014, five of these were in relation to linked allegations made by one complainant against five respondents. In all cases, the decisions of the Adjudication Panels were upheld. The Board has questioned the relatively high numbers of referrals to the Independent Examiner and will be reviewing the process in the course of 2015.

5. Interim Order Panels

No Interim Order applications were made during 2014.

6. Appeals Tribunal Panels

No Appeals Tribunal Panels were held in 2014.

Appendix 1

Membership of the Board

The Board operates independently of the Council of the Institute and Faculty of Actuaries and members of Council may not be members of the Board.

The Board is composed of three lay members, including the Chair, and six Fellows. All are appointed by the Disciplinary Appointments Committee.

The Board's lay members during 2014 were:



Jane Irvine (Chair)

Jane has specialised in resolving consumer service disputes for over 20 years, providing arbitration and adjudication decisions and mediation services to resolve disputes about a range of services.

Jane has held various appointments including Lay Inspector within HM Inspectorate of Constabulary for Scotland, Scottish Legal Services Ombudsman, Chair of the Scottish Legal Complaints Commission and also chaired a working group for the Justice Minister, reviewing legislation governing police complaints and conduct issues, in preparation for the new Independent Police Complaints Commission.

She is currently Deputy UK Pensions Ombudsman and Deputy UK Pension Protection Fund Ombudsman.



Judith Goulden (until November 2014)

Judith Goulden is a Solicitor. She is a Tribunal judge with First Tier Tribunal Property Chamber (Residential Property). She is also a member of the Regulatory Panel of the Association of Residential Managing Agents, and a former member of the Regulatory Decisions Committee of the Financial Services Authority, the Disciplinary Panel and Competency Scheme of the Chartered Institute of Public Finance and Accountancy and the Disciplinary Panel of The Actuarial Profession. Judith's term of appointment ended in 2014.



Terence Mowschenson QC (until September 2014)

Terence Mowschenson QC read law at London University (Queen Mary College) and Oxford (Exeter College) and was called to the Bar in 1977. He took silk in 1995. He practices in London in a wide range of business related matters, with a particular emphasis on finance. Terence was appointed an assistant recorder in 1998, a recorder in 2000, a part-time judge of the Financial Services and Markets Tribunal in 2000, a deputy High Court judge in 2003 and a part time judge of the Pensions Regulator Tribunal in 2005. He is a Fellow of the Chartered Institute of Arbitrators and a qualified mediator. Terence is a bencher of the Middle Temple. Terence's term of appointment ended in 2014.



Nicola Wood (from November 2014)

Nicola Wood started her working life as a solicitor. Since ceasing to practice law, she has held a number of board level appointments across a range of sectors including financial services and has a wide experience of alternative dispute resolution. In a pro-bono capacity she has worked with different groups of vulnerable consumers.

The Board's actuarial members during 2014 were:



William Abbott FIA (until February 2014)

Bill retired from the Legal & General Group in 2002, where he had been its Group Actuary for the previous 12 years. He has been a Treasurer of the Institute of Actuaries and has played an active role in the International Actuarial Association. Since retirement, Bill has been the Convener firstly of Interim Orders Panels and then Disciplinary Tribunal Panels. Bill's term of appointment ended in 2014.



Alan Botterill FFA

Alan joined Standard Life in 1977. He joined Towers Perrin in 1984 where he specialised in international benefits financial management and was the Managing Director, EMEA, for HR consulting services when he retired at the end of 2009. His service for the IFoA includes: Honorary Secretary of the Faculty, member of Faculty Council, member of the Boards of Professional Affairs, Pensions and General Insurance and currently Risk Management.



Brian Duffin FFA

Brian joined Scottish Life in 1976, having read Mathematics at St Catharine's College, Cambridge. He qualified in 1979 as a Fellow of the Faculty and held various posts with Scottish Life before being appointed its Group Chief Executive in 1999. After Scottish Life demutualised and was acquired by Royal London in 2001, he was Executive Director of Royal London until 2007. He currently holds directorships in the insurance industry, chairs a large pension scheme, and holds other appointments, including Non-Executive Director of the Debt Management Office of HM Treasury. After serving as a tutor and as an examiner, he was a member of the Faculty Council between 1991 and 1996, including a period as Chairman of the Profession's Public Relations Committee. In 2007 Brian was appointed to the disciplinary pool. In the following year he was appointed to the Investigations Committee of the Institute of Chartered Accountants in Scotland as a public interest member.



Simon Martin FIA

Simon has made a valuable contribution to the profession in a variety of posts including specialising in pensions and CPD for experienced actuaries and professionalism courses for new qualifiers as a staff actuary. He was also part of the team that helped to design and implement the professionalism courses for experienced actuaries before being appointed as an Investigation Actuary.

Simon was appointed Head of the Technical and Research Team, before accepting his current role as a Partner in the Retirement and Investment Business at AonHewitt, specialising in delivering investment advice to DB pension schemes.



Alan Phillips FIA (from February 2014)

Having joined Bacon & Woodrow in 1979, Alan became a Partner in 1985 and, in 2002, a Principal at Hewitt Associates. After leading the Bacon & Woodrow office in St Albans, Alan held a number of senior leadership roles in Hewitt's UK and European consulting business.

As a Scheme Actuary, Alan has advised a wide range of companies and trustees on the spectrum of pension issues.

He has previously held the post of Independent Non-Executive Chair to the Management Board of IFoA, where he was a driving force in bringing much needed commercial focus to the organisation, as well as making great strides in streamlining the governance structure.



Steve Presnell FIA

Steve retired from Towers Watson (formerly Towers Perrin) after 14 years as a Scheme Actuary having previously spent 24 years with the Prudential.

Steve has been a dedicated member of the IFoA, having served 7 years as an Investigating Actuary for the IFoA before being appointed to the Disciplinary Board in April 2013.



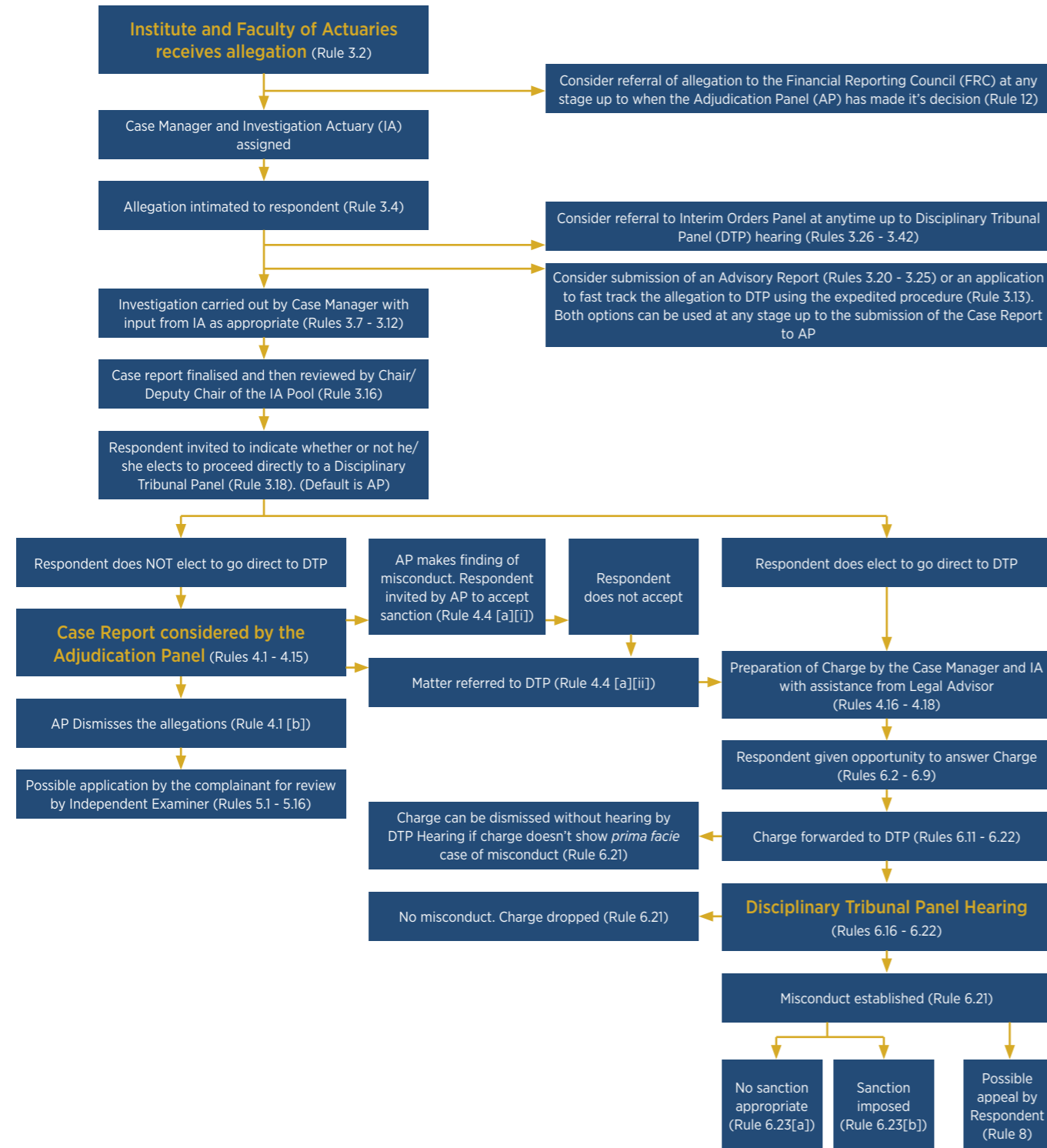
Gordon Sharp FFA (from May 2014)

Gordon joined Scottish Widows in 1974 and qualified FFA in 1979. He spent most of his career in pensions and investment consultancy, with Godwins Ltd (now part of Aon Hewitt) and with KPMG. He retired from KPMG in 2013 where he was the senior professional actuary in the pensions practice. He has served in several roles in the profession, including Chairman of the Pensions Board and Chairman of the CMI, and was a member of the Council of the Faculty.

Appendix 2

Disciplinary framework

Disciplinary Scheme: Investigation and Procedural Framework



Appendix 3

Terms of reference of the Board

Institute and Faculty of Actuaries Disciplinary Scheme

7. Disciplinary Board

10.1 The functions of the Disciplinary Board shall comprise:

- (a) overseeing the management and operation of this Scheme;
- (b) deciding the maximum fine which an Adjudication Panel may invite a Respondent to pay under rule 4.6(b);
- (c) providing bi-annual reports to the Council and such other interim reports on specific issues as it deems necessary;
- (d) producing an annual report to the Institute and Faculty of Actuaries;
- (e) setting and monitoring time frames for investigations and proceedings under this Scheme;
- (f) organising training of those involved in this Scheme;
- (g) receiving and considering reports from the Independent Examiner, from any Chairman, Committee, Panel or Tribunal appointed under this Scheme, from the FRC regarding Allegations considered under the FRC Scheme and from the Chief Executive of the Institute and Faculty of Actuaries on the operation of this Scheme;
- (h) making and varying such regulations (not being inconsistent with the provisions of the Charter, the Bye-laws, Rules or this Scheme) as it may consider necessary for the implementation of this Scheme and for the performance by Investigation Actuaries, Interim Orders Panels, Adjudication Panels, Disciplinary Tribunal Panels and Appeal Tribunal Panels of their respective functions under this Scheme;
- (i) providing guidance on procedure it considers appropriate not being inconsistent with this Scheme for the performance of functions under this Scheme;
- (j) giving feedback to the Council, and/or the FRC and/or any of its operating bodies on lessons learned from any proceedings conducted under this Scheme, in respect of any standards, advice, guidance, memorandum or statement on professional conduct, practice or duties issued by them;
- (k) providing such guidance on procedure as it considers necessary for the performance by the Institute and Faculty of Actuaries of functions under rule 1.23;
- (l) providing advice and guidance to the Council about entering into mutual disciplinary agreements with actuarial regulatory bodies outside the UK who are members of the International Actuarial Association; and
- (m) such other functions as shall be agreed from time to time by the Council.

10.2 The Disciplinary Board may at any time, subject to the agreement of the Council or such other body delegated by them for the purpose, arrange for a review of the provisions and operation of this Scheme or any aspect of it to be undertaken.

10.3 The Disciplinary Board shall from time to time provide guidelines for the manner in which sanctions involving education, retraining and/or supervised practice under this Scheme may be imposed. Such guidelines shall be published by the Institute and Faculty of Actuaries.

How to contact the Board

To contact the Board:

By email: **christine.mcconnell@actuaries.org.uk**

By post: Mrs Christine McConnell
Secretary to the Disciplinary Board
Institute and Faculty of Actuaries
Level 2
Exchange Crescent
7 Conference Square
Edinburgh EH3 8RA

By telephone: **+44 (0)131 240 1309**

For further information on the disciplinary process, please visit our web pages at:

www.actuaries.org.uk/regulation/pages/disciplinary-procedures