

## Institute and Faculty of Actuaries

### Noting report

<b>Subject</b>	IFoA Executive update
<b>Regulation Board meeting</b>	27 July 2021
<b>Author</b>	Executive Team
<b>International Issues considered?</b>	Yes
<b>Purpose</b>	Noting

#### A: INTRODUCTION

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

#### B: KEY DEVELOPMENTS

3. Since the last meeting, the Board has now formally become the Regulatory Board (from 1 June 2021) and assumed responsibilities for the IFoA's disciplinary function in addition to the public interest aspects of the IFoA's qualifications and examinations. That was confirmed by Council following a successful member vote and the new Terms of Reference are now in effect.
4. The IFoA has also submitted (and published) a response to the actuarial regulation proposals in the UK Government's White Paper on audit and corporate governance reform. That response and likely next steps will be discussed further **under agenda item 6**.
5. The consultation on changes to the approach to Practising Certificates (PCs) has now closed, with 106 responses received (these include collective responses received from organisations). The two webinars were attended by 125 people. The Executive Team is now working through those responses and will provide a full report on the consultation, along with proposals, at the Board's meeting in November. Broadly speaking, there seems to be significant support for the proposals, although with a desire to see the detail of how those would work in practice.
6. There has also been further work carried out to explore potential interaction between the process for PCs and the Quality Assurance Scheme (QAS), including a meeting of Senior Quality Assurance Representatives (SQARs) from different QAS organisations to discuss the appetite for a QAS PC Scheme. Further proposals on this will be set out at the Board's November meeting.
7. There has been the following work on the Actuarial Monitoring Scheme (AMS) Thematic Review programme

- i) The General Insurance pricing thematic review report was published on 21 June, with a member webinar held 13 July (150 attendees). Recommendations will continue to be taken forward with the Financial Reporting Council (FRC) and other stakeholders.
  - ii) The climate-related risk information gathering exercise submission window has now closed, with 24 insurer and consultancy participants, and over 30 responses from individuals / wider-field firms.
  - iii) The Trust-based Funeral Plans thematic review was launched on 15 July.
- 8. The CDC Pensions Regulatory Working Party (Chaired by Neil Buckley) has been invited by the Department for Work and Pensions (DWP) to input into the regulations to support the new provisions in UK pensions legislation in relation to CDC schemes. Those regulations will be published for consultation in the summer. It is expected that there will be specific provisions around the roles of actuaries and an enabling provision for the IFoA to issue relevant guidance.
- 9. The Green Finance Regulatory Task and Finish Group are working on a draft consultation on proposed options for changes to the regulatory framework, following the steer from the Board at the May meeting. The consultation paper will be shared with the Board by email in the coming weeks.
- 10. In order to promote learning on climate change and sustainability, and in particular highlight the existence of the 'Climate Change Curated Library' which has been created by the Sustainability Board, a 'Learning Support Card' (title to be confirmed) has been created. The idea is that members could use this tool during their RPDs to identify gaps in their knowledge about that topic and find resources to help. If successful, this could be rolled out to other topic areas in the future.
- 11. The Joint Forum on Actuarial Regulation (JFAR) has approved the annual refresh of its Risk Perspective document. A copy has been shared with the Board by email. We expect it to be published on 27 July 2021.
- 12. The planning and drafting of the new Disciplinary Scheme and supporting regulations is now underway. The full draft Scheme and Regulations will be considered by the Disciplinary Committee at their December 2021 meeting. The Board will be provided with the new Scheme for approval in February 2022.
- 13. The FCA has published their 2021/2022 Business Plan which sets out their future role and priorities. This sets out a transformation agenda for the FCA, as well as their planned activities for the next year. Of particular note are: the commitment to be more 'innovative, assertive and adaptive' as a regulator; a focus on cultural change (including diversity); the desire to be a data regulator as well as a financial regulator (data led approach, including behavioural evidence) and a proposed new consumer duty.
- 14. The FCA has also published PS21/8 Feedback to CP21/4 and final rules confirming the final rules for their regulation of the pre-paid funerals sector, in light of feedback received. HMT and the FCA are now consulting on further proposals regarding the resolution of regulated funeral plan firms and FSCS protection.
- 15. [redacted]

**D: KEY PLANNED ACTIVITIES FOR NEXT PERIOD**

- 16. Over the next period (up to November), we anticipate the following activities:

- PC Review Consultation responses analysed, Feedback Document prepared. Scheme revised to reflect changes and work carried out on competency frameworks
- Sustainability and Climate Risk regulation consultation finalised and published along with 'Learning Support Card' to support learning in the area of climate science
- Development of proposals for refreshed Quality Assurance Scheme (QAS)
- Final revised APS P1 and feedback document published
- Start of first CPD Reflective Practice discussions
- Climate Related Risk AMS Thematic Review results published
- Launch of AMS Thematic Reviews on Trust Based Funeral Plans and Equity Release Mortgages
- The new Disciplinary Scheme and underpinning regulations will be drafted.