

DPB Board Meeting

17 November 2022, 10:00 – 12:00

Via VC

Attending:	James Smith, Chair (JS) Darius Mayhew (DM) John Birkenhead (JB) Alan Kershaw (AK) Tim Russell (TR) Andrew Allsopp (AA)	Apologies:	N/A
		Invitees:	N/A
Executive Staff:	Sam Condry (SC)		

Item	Title	Action
1.	Welcome and Minutes	
1.1	<p>The Chair welcomed everyone to the meeting. There were no apologies.</p> <p>It was noted that AK had reached the end of his term of office (and given IFoA limitations around repeated terms of office) would be resigning from the Board at the end of the year. The Chair thanked him for his long and committed service to the IFoA. The IFoA will be advertising for a new Board member(s).</p>	JS
1.2	<p>To approve minutes of September 2022 meeting</p> <p>The minutes of the meeting held on 7 September were approved. The unredacted minutes will be circulated to relevant Board members.</p>	SC
1.3	<p>Live action list</p> <p>The Board noted the live action list.</p>	
2.	Standing items	
2.1	<p>To declare any conflicts of interest</p> <p>AA and TR noted conflicts of interest in relation to item 5 below.</p>	
2.2	<p>Risk Framework</p> <p>The Board noted the updated Risk Framework. It was agreed that this would be revised and restructured ahead of the next meeting, splitting out 'business as usual' and day-to-day activities from regulatory and project risks.</p> <p>The Board also emphasised the important link between risk assessment and the DPB monitoring activities, which should focus on the risks firms face.</p>	SC
2.3	<p>Marketing and Communications Plan 2023</p> <p>The Board reviewed the draft Marketing and Communications Plan and noted several proposed activities during 2023 intended to raise the profile of the DPB regime. Members discussed who should be the target of any marketing activities.</p>	SC

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	<p>Further consideration is needed of any areas of 'unmet need', i.e. firms which might be interested in obtaining a DPB licence. These might include smaller firms which undertake relevant work, such as the administration of insurance contracts, and which would find it easier and cheaper to be regulated by the IFoA. It was agreed that the Board should prioritise any articles or publications according to this priority, focusing efforts on the 'best return', and that a focused presence at conferences or events could be helpful. It was also agreed that social media awareness could be raised via LinkedIn and it would be possible to target individuals who may have a relevant interest.</p> <p>The Board also discussed draft content to advertise the DPB regime on the IFoA website.</p> <p>2.4 Licence Cancellation</p> <p>The Board noted an application for a firm which wished to cancel its licence, due to a recent takeover. It was agreed that the firm should be asked to provide further details around the circumstances and reasons for surrendering its licence, including whether regulated activities had been undertaken; and arrangements for insurance/run-off cover.</p> <p>Monitoring Report July – September 2022</p> <p>The Board noted the Monitoring Report supplied by ICAEW, which provides monitoring services on behalf of the IFoA. It was noted that a grade for a particular firm was yet to be awarded and this should be requested from ICAEW, as well as an update on any potential concerns.</p> <p>The Board then discussed monitoring arrangements more generally. As part of its future, wider risk assessment work, the Board agreed to consider further what are the key risk indicators which firms should declare through monitoring and supervision, and to decide on appropriate risk tolerances.</p>	
3.	DPB Handbook Review	
	<p>3.1 To agree the direction and scope of the project and to discuss high level risks</p> <p>The Board discussed the DPB Handbook Review Project Initiation Document, which set out project parameters, including:</p> <ul style="list-style-type: none"> - Priority areas of focus and outline analysis - A high-level timeline - Resource, roles and budget - Risks and opportunities <p>The Board discussed the proportionality of the project, noting that there are a relatively small number of DPB licenced firms. It was noted that the DPB Handbook has not been substantially revised since its introduction in 2009, and that it needs to be brought in line with other modernisation and improvements across the IFoA, such as the development of the Quality Assurance Scheme (QAS) and the introduction of a new Complaints and Disciplinary process. A more user-friendly and principles-based rulebook is also likely to be more attractive to firms who are considering applying for a DPB licence, as well as those already licensed.</p>	SC

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	<p>The Board considered the draft timeline, including phases of development, and agreed that it will seek to adopt aspects of Agile Project Management as the Review progresses.</p> <p>The Board also considered a table of high-level risks set out in the paper and agreed to consider this further in detail and to submit comments in writing (or in discussion). (As noted above, business-as-usual risks should be separated out.)</p>	
4.	Annual Returns	
	<p>4.1 To update the Board on processes for the DPB Annual Return</p> <p>The Board noted an update paper on the DPB Annual Return and arrangements to improve processes and IT, as part of the IFoA's wider review of operations and policies (OPSR project). Due to some delays, it has not been possible to introduce a new webform for 2022, but this is expected to be in place for 2023. Some improvements will be made to the existing webform.</p> <p>The Board noted a table of issues which firms have previously experienced with the webform/Annual Return, and some proposed solutions. These were collated from discussions with DPB firms (two larger firms and two smaller firms). It was agreed that the DPB Manager would write to all firms to update them on current arrangements, offering assistance where appropriate, to help mitigate any remaining issues.</p> <p>The Board also discussed the interaction between the data collected through the Annual Return and its broader monitoring responsibilities, noting that these could be better aligned.</p> <p>The Board agreed that it will also give further consideration to the specifications for the new annual return for 2023 and will ensure these are fed into the web development processes.</p> <p>The Board also noted two 'user stories' provided by the web developers.</p>	SC
5.	PII Cover	
	<p>5.1 To discuss Professional Indemnity Insurance (PII) cover</p> <p>[TR and AA excused themselves from this discussion due to a conflict of interest.]</p> <p>The PII market is relatively small, with few providers, and due to broader economic conditions insurance firms have been reluctant to underwrite this kind of risk. Insurers tend to decide whether or not an application for run-off cover will fit their risk tolerances, before deciding on a price. So in some instances it may not be possible to obtain relevant cover at any price.</p> <p>The Board is aware that this is not just an issue for actuaries (or our Regulated firms specifically), but also other professions more generally.</p> <p>The Board then considered if there could be alternative ways in which a firm might seek to guard against potential liabilities. Members discussed the amounts of coverage for adequate protection, possible escrow arrangements, capital loading and FCA requirements, increasing insurance excesses, as well as the current DPB Handbook requirements.</p>	JS

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6.	Complaint	
6.1	<p>The Board noted ongoing consideration of a complaint and claim for compensation. Members noted some evidence supplied by the Complainant and that further evidence was awaited from the Respondent.</p>	JS
7.	Biennial Seminar	
7.1	<p>To discuss content and timing of the DPB biennial seminar</p> <p>The Board discussed possible content for the seminar and agreed that it would be appropriate to focus this on aspects of the DPB Handbook Review, but the exact topic could be decided at a later date.</p> <p>It was agreed to hold the seminar in October/November 2023 aligning this with other conferences and events, as necessary.</p>	JS
8.	Regulation round-up	
8.1	<p>To note and discuss</p> <p>SC presented a slide, summarising recent regulatory developments:</p> <ul style="list-style-type: none"> - Recent FCA liaison (Handbook Team) - CMA Review recommendations and remedies - FCA CP22/20: Sustainability Disclosure Requirements (SDR) and investment labels <p>It was agreed that FCA should be asked whether it is possible to assign firm reference numbers, so that these are in a compatible format for reporting purposes.</p>	SC
9.	AOB	
	<p>The IFoA will be advertising for new member(s) of the Board and existing Board members will help advise on any existing skills gap, such as compliance knowledge. The existing terms of reference will be circulated to members.</p> <p>It was agreed that the Board will organise a lunch in the New Year, which will also be an opportunity to thank AK for his long service.</p>	JS