



Institute
and Faculty
of Actuaries

Summary of consultation responses

Proposals to make minor amendments to the
Actuaries' Code

by the Regulatory Board

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Foreword

Neil Buckley, Chair of Regulatory Board



I am pleased to introduce this summary of the feedback received in the response to the Institute and Faculty of Actuaries (IFoA) consultation on proposals to make minor amendments to the Actuaries' Code, issued by the Regulatory Board.

The proposals included updates to Principle 4 of the Code to reflect the new IFoA Disciplinary Scheme (which will come into effect on 1 August) and which do not change the substance of the existing requirements.

The integrity of Members is paramount, and in order to protect that integrity, we require

Members, under the Code, to report to us relevant criminal convictions, court findings and professional discipline matters. These changes will make sure that those important provisions are not impacted by changes to wording in the new Disciplinary Scheme.

This feedback paper sets out the results of the consultation, including (1) a summary of the responses and (2) the conclusions reached in light of those responses. It also contains the final version of the revised Actuaries' Code, as approved by the Regulatory Board.

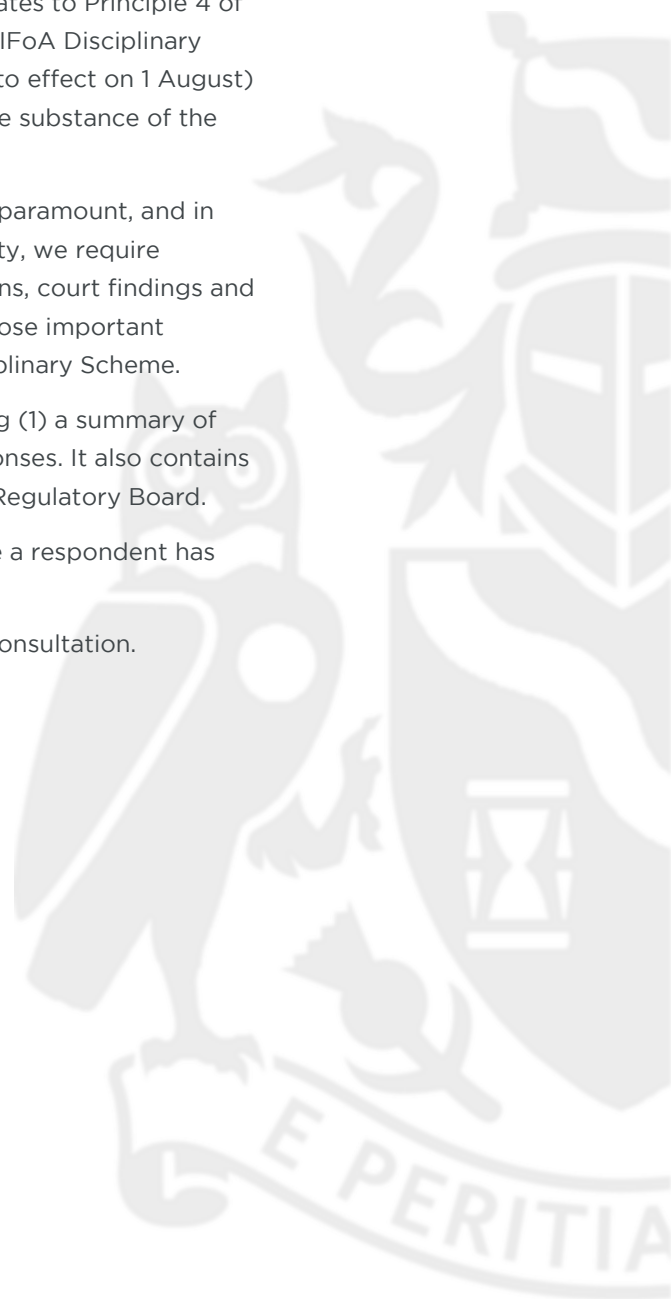
Responses are published in full save, as is our normal practice, where a respondent has requested confidentiality.

My sincere thanks to all who took time to provide responses to the consultation.

A handwritten signature in black ink that reads "Neil Buckley". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

Neil Buckley

Chair of Regulatory Board



1. Overview

- 1.1 We consulted upon proposals to make minor amendments to the Actuaries' Code (the Code). The consultation package can be found on our website¹.
- 1.2 The aim of the consultation was to seek feedback on proposed minor amendments to the Code ahead of the introduction of a new Disciplinary Scheme in August 2023.
- 1.3 This document explains the outcome of that consultation process and sets out our response to the feedback received.
- 1.4 We are grateful for all responses to the consultation and we have carefully considered all of the feedback.

2. Consultation process

- 2.1 The proposals were published and opened for consultation on 16 January 2023. The consultation remained open until 15 April 2023.
- 2.2 Members, their employers, and other interested parties were invited to comment on the proposals by completing one of two questionnaires: the [questionnaire for individuals](#); and the [questionnaire for organisations](#).

3. Consultation results

- 3.1 The consultation had 26 responses, including from 24 individuals and 2 organisations.
- 3.2 A private response was received from the Financial Reporting Council (FRC) in its capacity as our UK oversight body.
- 3.3 Of the individuals who responded:
 - 21 were based in the UK, and 1 was based in each of Gibraltar, South Africa, and Zimbabwe
 - All responses from individuals were from IFoA Members, 75% of whom were Fellows
 - 59% indicated either general or life insurance was their main area of practice.
- 3.4 Both of the responding organisations were actuarial consultancies employing more than 101 IFoA Members based solely in the UK.

Summary of responses

- 3.5 The consultation asked whether the proposals to amend Principle 4.2 make it clear the circumstances in which a Member would need to self-report to the IFoA. One response notes that by introducing these requirements within the Code, Members would no longer need to cross-refer to the Discipline Scheme, which would be a welcome change.
- 3.6 However, another respondent felt that the proposed wording regarding criminal convictions is too broad and could result in irrelevant self-reports being made to the IFoA, for example in the event of minor driving offences.
- 3.7 The consultation asked whether the proposed wording makes it clear to Members the circumstances in which they would need to self-report in relation to matters occurring outside the UK. Some respondents, who noted that they were based in the UK, stated that it was not clear to them how the proposed provisions would apply outside the UK.
- 3.8 One respondent noted that the need to report criminal activity abroad would result in an over-reporting, due to the nature of activities that were illegal in some countries, but legal in the UK.
- 3.9 Finally, Members were asked whether they felt that guidance would be useful in order to provide examples of circumstances which should, or should not, be reported. Most of the respondents stated that guidance would be helpful to assist Members in understanding when they have a duty to self-report to the IFoA; when a civil court matter requires to be reported; whether a minor criminal matter requires to be reported; how the requirements affect Members who hold positions of responsibility in respect of a company, trust or other legal entity; and how the Code applies to Members outside of the UK.

4. Conclusions

- 4.1 The Board considered the comments received and concluded that the proposed amendments would preserve the existing requirements for Members to self-report relevant matters to the IFoA, and that the existing guidance on the Code should be extended to provide examples of the circumstances in which self-reporting would be required.

¹ [Go to the IFoA website](#)

4.2 As a result of the consultation feedback and wider work described above, we are committed to:

1. Amending Principle 4.2 of the Actuaries' Code to refer specifically to the circumstances that require to be reported to the IFoA. The amended version of Principle 4 of the Actuaries' Code is included at **Appendix 7**. This is unchanged from the version consulted upon.
2. Amending the definition of the IFoA Discipline Scheme where it is referred to at Principle 5.2 of the Actuaries' Code. The amended version of Principle 5 of the Actuaries' Code is included at **Appendix 7**. This is unchanged from the version consulted upon.
3. Introducing non-mandatory guidance to support Members in understanding the new provisions, and providing examples of situations that do and do not require to be reported in accordance with the Code.

5. Next steps

- 5.1 The new Disciplinary Scheme comes into effect on 1 August 2023. In order to align with the new Scheme, the amendments to the Actuaries' Code will also take effect on 1 August 2023.
- 5.2 Guidance on Principle 4.2 of the Code is currently being prepared and will be published as soon as possible.
- 5.3 Members are welcome to contact regulation@actuaries.org.uk should they have any queries or concerns regarding these documents.
- 5.4 We thank you again for your interest in this consultation.

Appendix 1 – List of respondents

Below are the names of organisations and individuals who responded to the consultation who agreed for their names to be disclosed as part of the consultation process.

Organisations

Hymans Robertson LLP

Lane Clark & Peacock LLP

Individuals

Alistair Mackenzie

Andrew J Barrett

Dominic Badham

Gail Higgins

Iain McLellan

Julian Ellacott

Keith Miller

Lee Faulkner

Malcolm Slee

Peter Carswell

Robert D Garvin

Steven Colin Mills

Thomas Dalton

Tom Bratcher

Appendix 2 – About the responding organisations

In total two organisations provided a response.

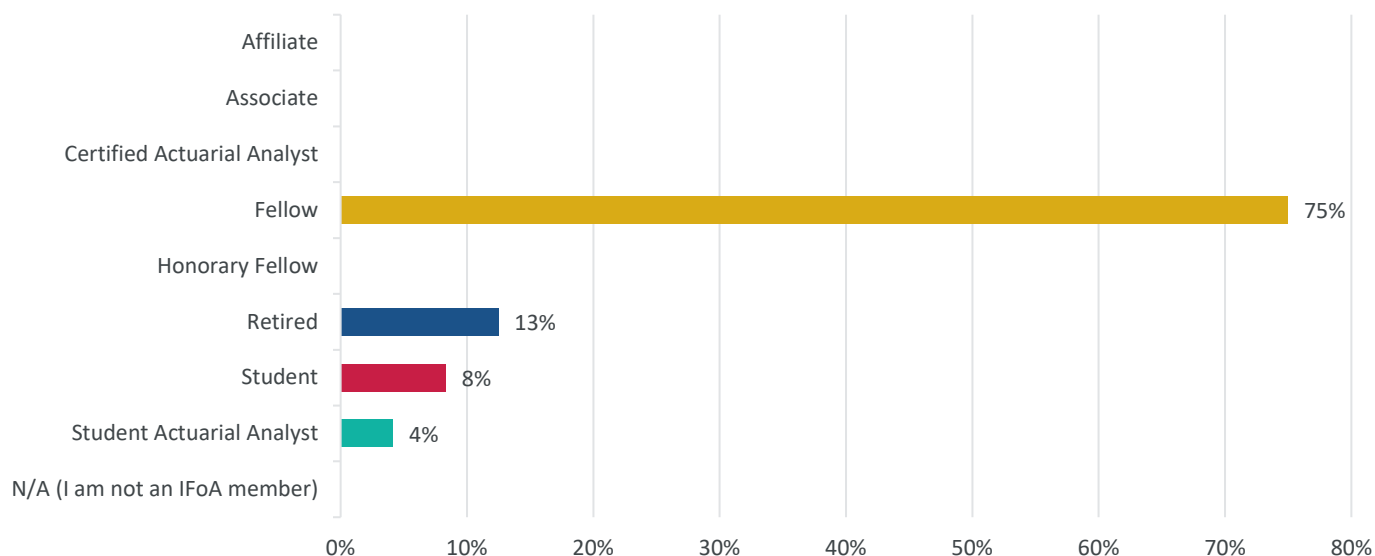
Before being asked to express their views on the proposals, respondents were asked to provide some information about the organisation. The following is a summary their responses.

Both organisations were actuarial consultancies employing over 101 Members based exclusively in the UK.

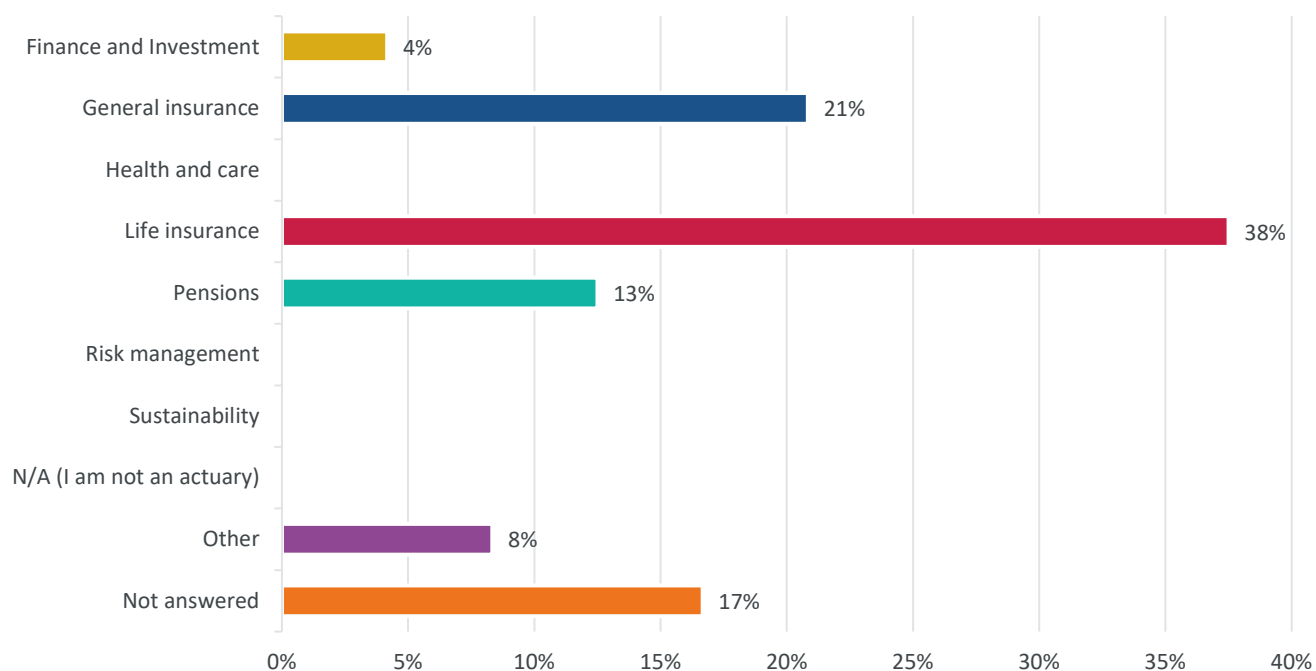
Appendix 3 – About the responding individuals

In total 24 individuals provided a response. Before being asked to express their views on the proposals, respondents were asked to provide some information about themselves. The following is a summary of their responses.

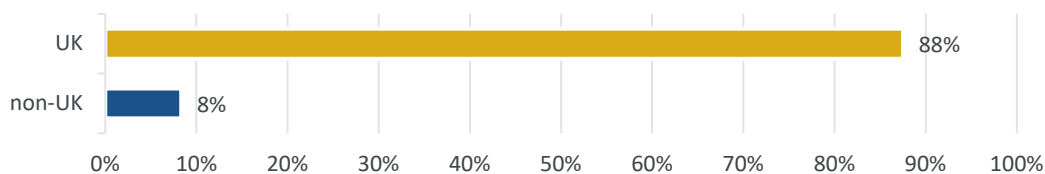
Types of IFoA membership



Area of actuarial practice



Country²



² Responses from individuals based outside the UK included those from: Non-UK, Gibraltar, South Africa, Zimbabwe.

Appendix 4 – Summary of responses

The following table summarises the options selected by respondents completing the questionnaires. Questions which, rather than providing options from which to choose, required only free text, have not been included. In total there were 24 responses to the questionnaire for individual and 2 responses to the questionnaire for organisations. Unless otherwise indicated in the charts, all respondents gave a response to the relevant question.

Organisations

Question 1

To what extent do you agree that the proposal to amend Principle 4.2 makes it clear the circumstances in which a Member would need to self-report to IFoA?

- 1 organisation responded “Strongly agree”
- 1 organisation responded “Neutral”

Question 2

To what extent do you agree that the proposed amended wording in Principle 4.2 makes it clear to Members the circumstances in which a member would need to self-report to the IFoA in relation to criminal (or other) matters occurring outside the UK?

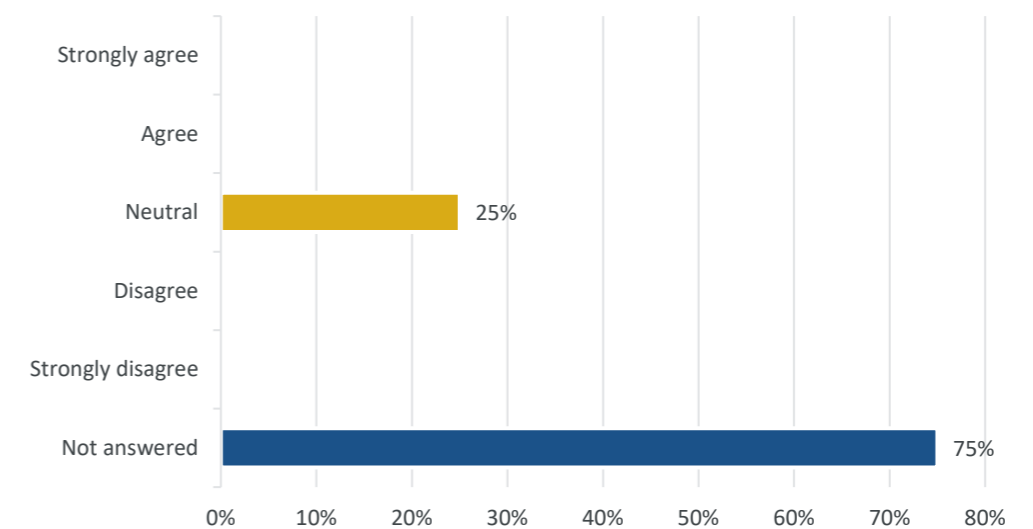
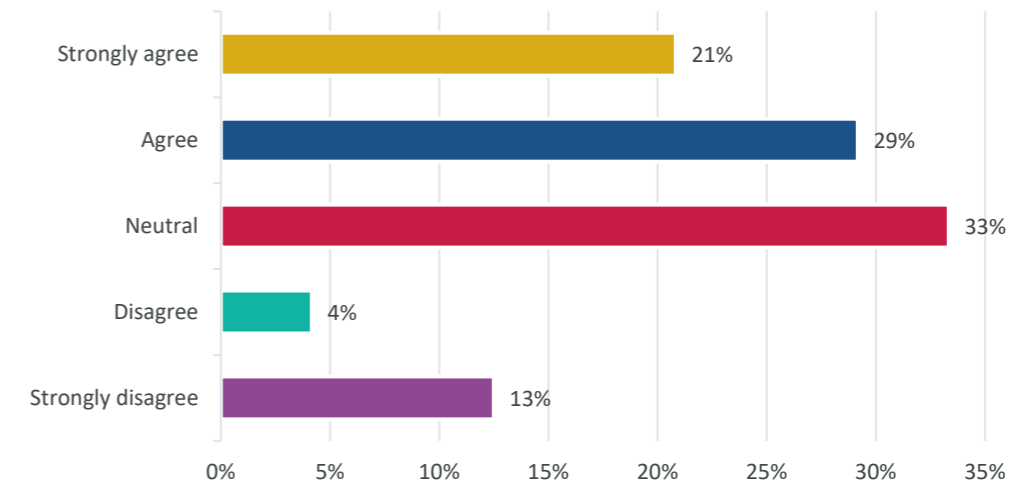
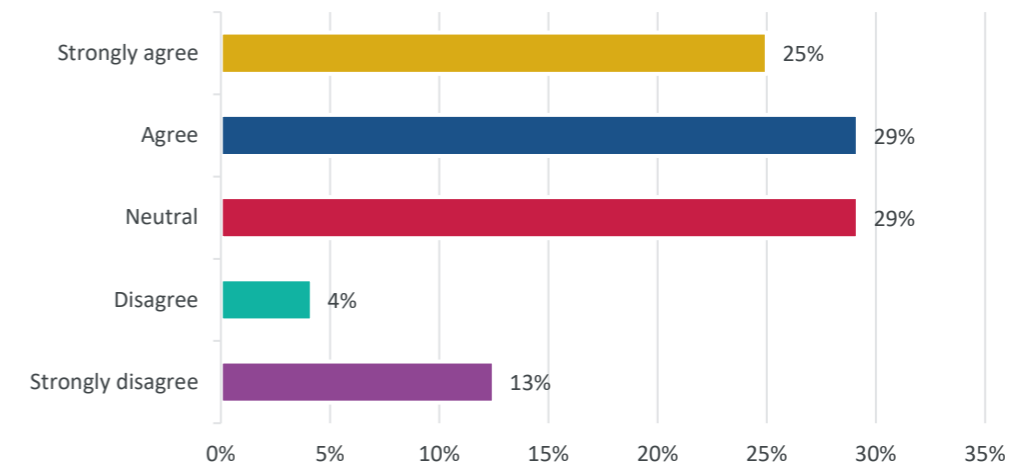
- 2 organisations responded “Disagree”

Question 3

To what extent do you agree that guidance would be useful in order to provide examples of circumstances which should, or should not, be reported?

- 1 organisation responded “Strongly agree”
- 1 organisation responded “Agree”

Individuals



Appendix 5 – Comments from organisations

Where the organisation responding to the consultation agreed for their response to be published, their full comments in response to questions have been included below. If an organisation wanted their responses to remain confidential, no entry appears.

Question 1

To what extent do you agree that the proposal to amend Principle 4.2 makes it clear the circumstances in which a Member would need to self-report to IFoA?

Agree

The Code should be clearer, on an initial reading, by listing explicitly the situations requiring disclosure rather than relying on cross-references. However, there was a good level of clarity for anyone who followed the cross-references to Rules 4.8 to 4.11 of the Existing Scheme. Presumably, this level of detail will be set out in guidance?

Question 1

To what extent do you agree that the proposal to amend Principle 4.2 makes it clear the circumstances in which a Member would need to self-report to IFoA?

Neutral

Given that the 'Disciplinary and Capacity for Membership Schemes' is being replaced with a new scheme and Rules 4.8 to 4.11 will be replaced with more generic wording, this update is necessary so that the existing self-reporting requirements continue to apply. It is helpful that a summary of potential disclosable events is included within the body of the Code rather than just in the disciplinary scheme guidance, per the current Code, as this makes the proposed Code more user-friendly and removes the inefficiencies of cross-referencing separate documentation. The proposed list of circumstances where self-reporting is required is succinct and consistent with a principles-based Code, but amplification 4.2iii) is too broad and could result in irrelevant self-reports being made to the IFoA, for example in the event of minor driving offences. The supporting guidance needs to make it clear which offenses are in scope.

Question 2

To what extent do you agree that the proposed amended wording in Principle 4.2 makes it clear to Members the circumstances in which a Member would need to self-report to the IFoA in relation to criminal (or other) matters occurring outside the UK?

Disagree

It is not clear to this UK-based respondent. It may be useful to add some rider in relation to all three situations taken together, so that it is clear that they apply regardless of the jurisdiction involved.

There may be a perception by some UK-based actuaries that the IFoA only regulates within the UK. It would be helpful to make it clear that criminal or other matters occurring outside the UK by IFoA Members are in scope of the Code by explicitly stating this within Principle 4.

Question 3

To what extent do you agree that guidance would be useful in order to provide examples of circumstances which should, or should not, be reported?

Strongly agree

Additional non-mandatory guidance, with examples of reportable and non-reportable events, would support Members' compliance with the Code. This is also likely to reduce the number of instances where irrelevant self-reports are made to the IFoA, saving both Members and the IFoA valuable time. Additional guidance should sit outside of the Code to ensure the Code remains concise.

Question 3

To what extent do you agree that guidance would be useful in order to provide examples of circumstances which should, or should not, be reported?

Agree

The guidance is currently silent on Amplification 4.2 which makes sense in the current context because all the necessary detail is set out in Rules 4.8 to 4.11 of the Existing Scheme. However, given the principles-based approach proposed it will be necessary to provide in the guidance a more detailed explanation of what needs to be reported so that if a Member believes that they are in a situation that the Code requires self-reporting, they can check against the guidance to see whether this remains the case given the specifics of their circumstances.

Without such guidance the following (and potentially many other) issues could arise, taking each heading in turn:

(i) Would an adverse determination by the Pensions Ombudsman, that names the Member, and relates to a relatively low level of maladministration, be caught? Would a tax dispute that results in, say HMRC levying a penalty, be caught?

(ii) It is not clear what is intended to be covered by a court finding of fraud or dishonesty that is not already covered in being convicted of a criminal offence. Would it, for example, include where a judgment refers to a witness of being dishonest when giving evidence? Are there situations where a Court can find someone to have committed fraud or to have been dishonest, but not convict them of a criminal offence? If so, how is this "court finding" expressed?

(iii) Is it intended that all criminal offences will be caught? Would some summary offences, such as driving without insurance, not be caught?

In addition to presumably restating the detail currently set out in Rules 4.8 to 4.11 it will be useful to provide guidance on examples and circumstances which should, or should not, be reported.

Finally, should the guidance say something like, if in doubt then do report?

Appendix 6 – Comments from individuals

Where the individual responding to the consultation agreed for their response to be published, their full comments in response to questions have been included below. If an individual wanted their responses to remain confidential, or did not provide comments, no entry appears.

Question 1

To what extent do you agree that the proposal to amend Principle 4.2 makes it clear the circumstances in which a Member would need to self-report to IFoA?

Strongly agree

Keeping the Code self-contained is desirable.

I think the proposed change brings a welcome improvement in clarity.

The wording is clear.

Question 1

To what extent do you agree that the proposal to amend Principle 4.2 makes it clear the circumstances in which a Member would need to self-report to IFoA?

Agree

Preferable as no need to cross-refer to the Disciplinary & Capacity for Membership Scheme.

Question 1

To what extent do you agree that the proposal to amend Principle 4.2 makes it clear the circumstances in which a Member would need to self-report to IFoA?

Neutral

Lay question: is "adverse finding" strong enough? Particular circumstance I'm thinking of is a Judge's comments in a Civil case. If a judge considered a Member's evidence to be unreliable I would consider that should be a reportable event, however the current wording does not to my mind imply that it would be.

Question 1

To what extent do you agree that the proposal to amend Principle 4.2 makes it clear the circumstances in which a Member would need to self-report to IFoA?

Disagree

The code is high level principles. It would be better for these details to be covered elsewhere. If added to the code, danger it becomes too precise.

Question 1

To what extent do you agree that the proposal to amend Principle 4.2 makes it clear the circumstances in which a Member would need to self-report to IFoA?

Strongly disagree

Self-incrimination is not a requirement imposed by any place following enlightened traditions.

It is not clear to me what happens when someone makes a statement or gives an opinion that would comply with the Code in the UK but might be illegal in their country of residence or, if not resident, in a country they have an interest in. For example, if I state that a Hong Kong government minister is contemptible (and there are many that are) that would be within my rights to free speech as an individual UK citizen and as an actuary regulated by the Code BUT it would be against the law in Hong Kong. Would I have to self-report that? If so I would be very busy self-reporting!

Question 2

To what extent do you agree that the proposed amended wording in Principle 4.2 makes it clear to Members the circumstances in which a Member would need to self-report to the IFoA in relation to criminal (or other) matters occurring outside the UK?

Neutral

By default, the principle is universal (ie not explicitly limited to the UK).

It is clear on criminal matters, but not clear that an adverse finding by another professional body must be reported.

One could argue that the wording does not limit the context to the UK. However, I just wonder whether, given the increase in remote working, there might be circumstances where there might be UK members, now working overseas, who might not consider offences in that overseas country to be relevant to their responsibilities under principle 4.2. (Equally, I may be overthinking this!)

Question 2

To what extent do you agree that the proposed amended wording in Principle 4.2 makes it clear to Members the circumstances in which a Member would need to self-report to the IFoA in relation to criminal (or other) matters occurring outside the UK?

Disagree

The code is high level principles. It would be better for these details to be covered elsewhere. If added to the code, danger it becomes too precise.

Question 2

To what extent do you agree that the proposed amended wording in Principle 4.2 makes it clear to Members the circumstances in which a Member would need to self-report to the IFoA in relation to criminal (or other) matters occurring outside the UK?

Strongly disagree

Privilege against self-incrimination exists to protect the individual (and thereby the collective) from the collective

See previous comments. In Hong Kong it is a criminal offence under the National Security Law to do or say anything that they consider "incites" contempt or hatred towards the government. Would I need to self-report that?

Question 3

To what extent do you agree that guidance would be useful in order to provide examples of circumstances which should, or should not, be reported?

Neutral

There might be some benefit to guidance on what it means to be "subject to" such a finding - if you are a trustee of a pension scheme and the Pensions Regulator makes an adverse finding against the scheme, does that trigger the requirement to self-report?

Difficult to comment without a real case.

Useful to the extent that it further diminishes the opportunity for a miscreant to argue that he/she was unaware of the need to report.

Question 4

Other comments

I honestly think it's hypocritical to require members to disclose convictions to the profession when the profession refuses to disclose lost court cases to members. Shameful.

The amendment should be extended to include any other professional body that someone is a member - either actuarial overseas or non-actuarial.

Appendix 7 – Amendments to Principles 4 and 5 of the Actuaries’ Code

Compliance

4. *Members must comply with all relevant legal, regulatory and professional requirements.*
- 4.1 Members must take reasonable steps to ensure they are not placed in a position where they are unable to comply.
- 4.2 Members must, as soon as reasonably possible, disclose to the Institute and Faculty of Actuaries ~~any conviction, adverse finding, judgement or determination or disqualification of the type referred to in rules 4.8 to 4.11 of the Disciplinary and Capacity for Membership Schemes of the Institute and Faculty of Actuaries to which they are subject.~~ any of the following, to which they become subject:
- i. an adverse final determination, judgement or disqualification by a regulatory body acting in the exercise of its statutory or regulatory function;
 - ii. a court finding of fraud or dishonesty;
 - iii. a conviction of a criminal offence.

Speaking up

5. *Members should speak up if they believe, or have reasonable cause to believe, that a course of action is unethical or is unlawful.*
- 5.1 Members should challenge others on their non-compliance with relevant legal, regulatory and professional requirements.
- 5.2 Members must report to the Institute and Faculty of Actuaries, as soon as reasonably possible, any matter which appears to constitute Misconduct for the purposes of the Disciplinary ~~and Capacity for Membership Schemes~~ of the Institute and Faculty of Actuaries and/or a material breach of any relevant legal, regulatory or professional requirements by one of its Members.
- 5.3 In addition to complying with any legal requirements to report matters to relevant regulators or other authorities, Members should also report to those bodies any behaviour that they have reasonable cause to believe is unethical or unlawful, and carries significant risk of materially affecting outcomes.
- 5.4 Members must take reasonable steps to ensure users are aware of any substantial issues with a piece of work for which they are responsible or in which they have had significant involvement, if those issues might reasonably influence the decision-making or judgement of users.



Institute
and Faculty
of Actuaries

