



Institute  
and Faculty  
of Actuaries

## Standard Setting at the IFoA

Information about the Standards Framework  
and the principles which inform standard setting  
at the IFoA

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## 1. Introduction

1.1 The Institute and Faculty of Actuaries (IFoA) is responsible for the regulation of the actuarial profession in the public interest.

1.2 As part of its regulatory function, it sets and maintains a framework of standards and non-mandatory guidance. Members of the IFoA must, as a condition of membership, comply with those standards, as well as, for those Members carrying out work within UK Geographic Scope<sup>1</sup>, the Technical Actuarial Standards (TASs) set by the Financial Reporting Council (FRC).

1.3 The IFoA seeks to undertake its regulatory role according to the Principles of Good Regulation.<sup>2</sup> These principles require that regulation is:-

**Proportionate** – such that regulatory intervention is undertaken only to the extent necessary and appropriate to the risk;

**Accountable** – the IFoA should be ready to justify regulatory action (and inaction) and should be, and be seen to be, open to scrutiny by the public as well as its Members;

**Consistent** – regulatory action (and inaction) should be coherent, according to a clearly defined and comprehensible policy;

**Transparent** – regulation, and the process by which it is determined, should be clearly articulated and readily comprehensible; and

**Targeted** – regulatory action should be focused on identified problem(s), such as to minimise side effects.

1.4 Consistent with these principles, the IFoA sets standards in a way which is principles-based and outcomes focused. The emphasis is on resolving the actual cause of public interest concern, and steers away from process-focused and ‘tick-box’ models.

1.5 The further principles that guide the IFoA’s standard setting role are described in its [Refreshed Regulatory Policy Statement](#).

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<sup>1</sup> Defined by the FRC as technical actuarial work done in relation to the UK operations of entities, as well as to any overseas operations which report into the UK, within the context of UK law or regulation (paragraph 5.5 of the *Framework for FRC technical actuarial standards*).

<sup>2</sup> Principles of Good Regulation<sup>1</sup>, published by the UK Government’s Better Regulation Task Force in 2003 and accorded statutory recognition by s.21 of the Legislative and Regulatory Reform Act 2006.

## 2. The Standards Framework

- 2.1. Overall responsibility for standard setting lies with the Regulation Board of the IFoA (the Board), which acts under delegated authority from the IFoA's Council.
- 2.2. The Board oversees the IFoA's framework of standards and non-mandatory guidance (the Framework) which is made up of:
  - i. **The Actuaries' Code** (the Code) – this is the overarching ethical code of the IFoA containing principles that all Members of the IFoA are required to observe;
  - ii. **Actuarial Profession Standards** (APs) which impose specific mandatory requirements on Members, building on the requirements of the Actuaries Code; and
  - iii. **Non-mandatory Guidance** to support Members in understanding their obligations under the Code and APs and how to apply them in practice.
- 2.3. The IFoA also produces, from time to time, a range of informal educational and other material such as case studies, quizzes, FAQs and articles in actuarial publications.
- 2.4. A more detailed explanation of each of the elements of the Framework, as well as the FRC's TASs, is included in **Appendix 1**. The Code, all existing (and archived) APs and guidance under the Framework can be found on the IFoA's [website](#).
- 2.5. The IFoA may occasionally introduce standards or guidance in different forms, where the context and purpose make this appropriate and provided always that the reasons for this material, and its status, are made clear.

## 3. Principles for the introduction, amendment and withdrawal of standards

- 3.1. The IFoA observes a number of principles when introducing, reviewing, amending or withdrawing standards and guidance under the Framework. These principles are intended to ensure the consistency and quality of standards and enhance their accessibility for Members and users.
  - Standards will focus on regulatory aims and principles rather than process.
  - They will be drafted in a clear manner, in plain simple language, with a view to comprehensibility by the non-actuary and by those for whom English is not their first language.
  - Standards will be drafted in a consistent style and with consistent language, including wherever possible in the definitions used across the Framework.
  - Standards will be drafted to ensure enforceability.

- The status, application and inter-relationship of standards will be made clear.
- Standards will state clearly what is expected of Members, wherever they are and in whichever area they are practising.
- Post implementation reviews will be carried out to assess the effectiveness of standards and whether they are achieving their objectives. Standards will be periodically reviewed, at least every three years.
- Members and interested stakeholders will, where appropriate, be consulted on proposals to introduce, amend or withdraw standards. This may take the form of an informal consultation with key stakeholder with an interest in the proposals or a full public consultation. In appropriate circumstances, both an informal and formal consultation will be carried out.
- The introduction of a new APS or substantive changes to an APS or the Code will ordinarily result in a full public consultation. The withdrawal of a redundant APS or minor amendments to APSs that do not materially change their meaning, effect or substance may be carried out following informal consultation, or no consultation at all. An example is following a 'light touch' review of an APS resulting in procedural changes only. Notice of any changes will always be communicated to Members.
- The rationale behind any policy decisions will be explained clearly in regulatory impact assessments which the Board uses to explain to those affected (or potentially affected) by a regulatory or policy option what this is likely to mean for them.
- Members will be provided with appropriate notice before any new or amended standards take effect. The period of notice between proposals being approved and their effective date will vary depending on the nature of the proposals but will normally be a minimum of one month.
- Any policy decisions to introduce, amend or withdraw standards will be communicated clearly to Members.

- Members may be notified of changes to the Framework via a variety of channels, including (but not limited to) email, the IFoA's website, social media and through articles in the IFoA's newsletters, the Actuary magazine and other actuarial publications.
- The IFoA may also notify Members of changes to the FRC'S TASs, as appropriate, using the same methods it would normally use to publicise a new or amended APSs.

#### **4. Further questions and information**

4.1. We would be pleased to receive any comments on this document. Comments should be sent to:

Regulation Team  
The Institute and Faculty of Actuaries  
Level 2, Exchange Crescent  
7 Conference Square  
Edinburgh  
EH3 8RA

OR

[regulation@actuaries.org.uk](mailto:regulation@actuaries.org.uk)

## THE IFOA STANDARDS FRAMEWORK

### **The Actuaries' Code (the Code)**

This is the overarching high-level ethical code of conduct that all Members of the IFoA are required to observe. It is the starting point for any consideration about Members' conduct and imposes mandatory requirements.

The Code applies at all times to all Members' conduct in relation to an actuarial role. The Code also applies to all Members' other conduct if that conduct could reasonably be considered to reflect upon the profession.

The Code is based on 6 principles: integrity, competence and care, impartiality, compliance, speaking up and communication. These six principles are supported by 'amplifications' that clarify specific requirements of the principles for some particular issues. Members must comply with both the principles and the amplifications.

The Code is accompanied by non-mandatory Guidance to support Members in understanding the nature of their obligations under the Code and how to apply it in practice.

### **Actuarial Profession Standards (APs)**

APs impose specific mandatory requirements on Members which build on the requirements of the Code. Members must comply with APs where relevant and applicable.

APs can apply both to particular practice areas (e.g. APS P1 which applies to pensions and APS G1 which applies to general insurance) or can be cross-practice, (e.g. APS X2: Review of Actuarial Work and APS X3: The Actuary as an expert in legal proceedings).

All existing (and archived) APs can be found on the IFoA's website.

### **Non-mandatory Guidance**

The IFoA publishes a range of non-mandatory guidance to support the Code and APs and assist Members with meeting their professional obligations. Guidance can also sometimes be produced for employers of IFoA Members and other stakeholders.

Members are not obliged to comply with guidance, however the IFoA's Disciplinary and Capacity for Membership Schemes do provide that regard will be had to 'any code, standards, advice, guidance, memorandum or statement on professional conduct, practice or duties which may be given or published by the [IFoA]' when considering whether a Member has committed misconduct. Therefore any non-mandatory guidance may be taken into account where there are allegations of misconduct against a Member, although its nature and status will affect the amount of weight given to it.

The full suite of non-mandatory Guidance can be found on the IFoA's website.

## **Educational material**

The term 'educational material' is currently used by the IFoA in a broad sense to encompass a wide range of types of resource material.

Examples of educational material are case studies, FAQs, quizzes, articles in the Actuary or other actuarial publications.

Educational material is non-mandatory.

## **Technical Actuarial Standards (TASs)**

Responsibility for setting TASs rests with the Financial Reporting Council (FRC).

While the TASs do not form part of the IFoA's standards framework, Members carrying out work within the FRC's UK Geographic Scope, are required to comply with them where relevant/applicable.

The TASs consist of one generic TAS, TAS 100: Principles for Technical Actuarial Work which applies to all technical actuarial work and Specific TASs which apply to specified areas of technical actuarial work where there is a high degree of risk to the public interest. The Specific TASs are: TAS 200: Insurance, TAS 300: Pensions and TAS 400: Funeral plan trusts.

A separate document, the Framework for FRC Technical Actuarial Standards describes the general scope and authority of the TASs, with each Specific TAS defining its particular scope. There is also a Glossary of defined terms used in FRC technical actuarial standards.

Members are required to comply with the TASs where relevant/applicable.

The FRC's TASs, framework document and glossary can be found on the FRC's [website](#).