



## Regulation Board

27 July 2021, 10:00 – 13:30

Via VC

Attending:	Neil Buckley, Chair Ben Kemp Edwin Sheaf Helen Brown Sue Lewis Frank Devlin Marcia Cantor-Grable Matt Saker Melanie Puri Simon Martin	Apologies:	Mike Smedley
Executive Staff:	Emma Gilpin Leisha Watson (Secretary to the Board) Gina Thomas (note taking) Kirsten Mavor (Secretary to Disciplinary Committee, agenda item 7) Alan Marshall (agenda item 11)		
Guests:	Graham Everness (Chair of Pension Standards Committee, agenda item 10) Raj Saundh (Chair of Equity Release Mortgages Working Party, agenda item 11)		

Item	Title
1.	<b>Welcome and Apologies</b>
1.1	The Chair welcomed all attendees, extending a special welcome to the two new Board members Stephen Redmond and Mike Smedley. Apologies were noted from Mike Smedley.
2.	<b>Declaration of Conflicts of Interest</b>
2.1	No Conflicts of Interest were declared.
3.	<b>Minutes and Actions</b>
3.1	The May Board minutes were approved subject to an amendment in the second sentence in paragraph section 6.1 as follows: "both the finances and membership number of the IFoA are looking healthy".
3.2	It was noted in relation to action 232 that there were ongoing changes within the FRC leadership so a discussion about meetings with Board members was still to be arranged with the FRC and that the details of the replacement for David Childs will be shared with the Board when that appointment has been announced.
4.	<b>Update from the Chair</b>
4.1	The Board noted Paper 3 and discussed an issue raised by JFAR in relation to Part VII transfer experts. The PRA had raised concerns about the quality of actuarial expert reports.



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	<p>The Board's discussion on this topic included the following:</p> <ul style="list-style-type: none"> <li>- the background to Part VII transfers;</li> <li>- that as the number of members giving expert reports is limited, it would be worthwhile looking at options for widening the pool of appropriate individuals to be experts;</li> <li>- with the public interest in this area, it was questioned whether this should be an area for Practising Certificates; and</li> <li>- that these transfers are also done by members working internationally;</li> </ul> <p>The Board noted that there is further work to be done to get a better understanding of the issue raised by the PRA. It was suggested to bring this topic to a future meeting as a Deep Dive and to also add this as a point to the Horizon Scanning Register.</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• <b>Executive to consider adding Part VII transfers to the Board's horizon scanning register and arrange a future deep dive on the topic.</b></li> </ul>
5.	<b>Update from the Executive</b>
5.1	The Board noted paper 5. The Executive advised that the PC consultation had now closed and that they expected to present the findings of the consultation, as well a proposal to the Board, at the November meeting.
6.	<b>BEIS consultation on actuarial regulation</b>
6.1	The Board noted paper 6 and the Executive advised that they will be kept informed of any developments. The Executive also informed the Board of a meeting request from HMT to discuss the IFoA's response to the White Paper. HMT are also discussing with other stakeholders who responded to the consultation.
7.	<b>Regulatory Governance Changes</b>
	<p>The Executive introduced Paper 6 on new ways of working (part 2). It was noted that the Board's remit has now been increased to take on its oversight responsibility for disciplinary matters and that a training session had taken place recently.</p> <p>The Board discussed the Committee structure and in particular, reporting lines as illustrated in the provided organogram. The Chair advised the Board that the Committee's relationships are explained through their TOR's. Some members asked the Executive to re-circulate the Board of Examiners' TORs.</p> <p>[redacted]</p> <p>Some Board members felt that it would be essential for the Board to have a stronger working relationship with the IFoA Practice Boards.</p> <p>SR, the Chair of the Disciplinary Committee (DC), introduced himself as the newest Board member and discussed ways of working. The Board discussed its increased remit including how in practice 'overseeing the effectiveness of the regulatory enforcement arrangements at a policy level' would work. In particular, it was discussed if there should be an articulation of the</p>



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	<p>enforcement expectations, such as wording that describes the enforcement implications of regulatory proposals in addition to the regulatory impact statements already issued. The Board agreed that a stronger strategic enforcement philosophy would be an interesting point for the Board to discuss at a future Board meeting.</p> <p>The Board further discussed ways of working with “Board leads” or “Board representatives” and that for certain areas, there could be both an actuary and a lay member lead, where possible. This topic will be included in the 1:1’s and appraisals conducted by the Chair in August. With a vacancy on the Board becoming available in autumn, the Board agreed that finding a candidate with educational background would be helpful.</p> <p><b>Action: Executive to begin the process of reviewing the Board’s Committee structure by summer 2022</b></p>
<b>8.</b>	<b>Scheme of Delegation</b>
	<p>The Executive introduced Paper 8, asking for the Boards approval.</p> <p>It was agreed that the wording be amended to reflect that the Board’s role is not only to receive annual reports from its sub-committees but to also scrutinise them, when appropriate. It was also agreed that the Board will decide on which Committee reports should be presented by the relevant Committee Chair at a Board meeting.</p> <p>The Board discussed how it executes its oversight and it was suggested that a dashboard which summaries points of interest could be helpful.</p> <p>The Board discussed the relationship between them and its Committees with standard setting and noted that, overall, the Regulatory Board sets the high level standards.</p> <p>The Board approved the Scheme of Delegation, subject to the above amendments.</p>
<b>9.</b>	<b>Regulatory Policy Statement</b>
<b>9.1</b>	<p>The Board were introduced to agenda item 9 for approval.</p> <p>[redacted]</p> <p>Subject to the above changes, the Board approved Paper 8, welcoming it as a useful document.</p>
<b>10.</b>	<b>Review of APS P1</b>
	<p>The Board welcomed GE, Chair of the Pension Standards Committee, who asked the Board for approval of Paper 9, the final post-consultation version of APS P1.</p> <p>The Board’s discussion included:</p> <ul style="list-style-type: none"><li>- the number of responses to the consultation, including the number of organisations; and</li></ul>



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	<ul style="list-style-type: none"> <li>- if the length of time since the consultation process had resulted in any recent changes that could impact the APS.</li> </ul> <p>The Board approved the final version of APS P1 and thanked Graham Everness and the Pension Standards Committee for all of their hard work and dedication on this review.</p>
<b>11.</b>	<b>Deep Dive on ERMs</b>
	<p>AM introduced agenda item 11.</p> <p>The Board noted that ERM's had been on the RB horizon scanning for some time; and that this is also an important topic for JFAR, PRA and FCA. The AMS Review Team will look at pricing and product design as part of their thematic review.</p> <p>RS presented on the IFoA's ERM Working Party. RS advised that the ERM WP was set up a few years ago, reacting to the ERM markets' rapid growth. He noted that there is a need for changing retirement solutions and it is necessary that products change accordingly. The WP was also involved in helping a draft guidance along with the ICAEW.</p> <p>AM and RJ invited the Board to give any thoughts or feedback.</p> <p>The Boards discussion included the following:</p> <ul style="list-style-type: none"> <li>- that the Life Board's ERM WP are doing a lot of technical work in this area and ERMs are a very technical, niche and specialised product;</li> <li>- the Board are looking for potential areas of regulatory public interest issues and ways of influencing recommendations to companies involved in ERMs;</li> <li>- it was suggested that some future issues could arise around how people manage property risk on their balance sheet, such as getting house prices right and different techniques to model and value housing;</li> <li>- the FCA consumer duty will influence this;</li> <li>- the speaking up issue for actuaries and the need to not be seen as complicit;</li> <li>- from a consumer point of view, if there is an issue around the availability of products;</li> <li>- if guidance for the role of actuaries in product design would be useful;</li> <li>- some Board members questioned the UK focus of the discussion and RS advised that the WP are UK focussed. The UK is the most established market and should be a leader on this topic; and</li> <li>- the difference and split between the ERM WP and AMS thematic review.</li> </ul> <p>The Board noted, given the above discussion, that there needs to be further consideration around the current actuarial standards. The Board will be updated on the AMS Review Team progress and findings.</p>
<b>12.</b>	<b>For noting only</b>
	<p>The Board noted the items under agenda item 12.</p>



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12.1	<p>The Board noted the annual report of the QAS SC. HB provided an overview, highlighting the accreditation of five new firms throughout the reporting period. HB further noted that by moving to a primarily virtual environment, the QAS SC was able to increase its interaction with firms on meetings, webinars and networking events to the highest it has ever been. HB praised the work of the QAS Manager in particular.</p> <p>The Executive advised the Board of the upcoming QAS review with proposals being presented to the Board at its November meeting. The process of interactions between the Board's Chair and Chair of the QAS SC was questioned and the Board advised that any actions arising from Board meetings are taken to the relevant Committee.</p>
12.2	SR introduced Paper 12 and the Board noted the DB annual report. [redacted]
12.3	<p>The Board noted Paper 13. It was noted that the second risk on the horizon scanning register (HSR) is the only red risk left but doesn't appear on the work plan. The Board were advised that they have not gone through a process of a deep dive on this topic yet and as such, there is not yet a resulting action or work plan.</p> <p>Some Board members felt that residual risks appearing on the HSR should be reflected in the regulatory work plan. The Executive explained that the work plan focuses on the Board's remit whilst the HSR includes risks that are the responsibility of other Boards within the IFoA and/or delegated its Committees or working parties.</p>
12.4	<p>The Board noted Paper 14, and raised questions as mentioned in point 12.3. It was questioned whether the HSR would need to be looked at again to allow the Board to delegate risks to its Committees and if any residual risks should be listed at all. The Chair noted that there has already been a lot of work put into the HSR. It was noted that in line with running action 235, that the format of the register and process for input will be reviewed.</p> <p>It was requested that Board members provide input on any future items for deep dives, to allow the Chair and Secretary to schedule deep dives going forward.</p> <p>Some members of the Board also requested that the HRS be higher up on the agenda for a future meeting.</p> <p><b>Action: Board members to provide input on any items for future deep dives</b></p> <p><b>Action: Executive to seek input from the Practice Boards for the Strategy Day on their top priority areas and any relevant regulatory issues</b></p>
13.	<b>Standing items</b>
13.1	The Board noted Paper 15
13.2	The Board noted Paper 16.
14.	<b>AOB</b>



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	<p>The Chair advised the Board that an in-person meeting is being considered for the Strategy Day in September. The Chair will liaise with the Executive and revert back to the Board with any developments.</p> <p>No further business declared.</p>
<b>15.</b>	<b>Dates of Future Meetings</b>
	<p>29 September 2021 – Strategy Day (10:00-12:30) 10 November 2021 – (1000-1430) 8 February 2022 – TBC 26 April 2022 – TBC 5 July 2022 – TBC 27 September 2022 (Strategy Day) – TBC 6 December 2022 - TBC</p>