



Update on discussions with government and regulators

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Background to Start of Discussions

- General trend away from self-regulation by professionals
 - Experience of medical profession – Neary, etc.
 - Principle of “Chaps regulating chaps” is not acceptable to public or government in the 21st century
 - Lessons from the actuarial profession in the UK – Equitable, Penrose, Morris, BAS, etc.
- Council’s assessment:
 - Current standard-setting process does not meet best standards of governance for professions
 - In the light of UK experience, also advisable to “jump before you’re pushed”



Society Initiative

- Paper “Options for Actuarial Standard-Setting” (May 06)
- Paper was circulated to Departments of Finance and Social & Family Affairs; and to Financial Regulator and Pensions Board
- Paper set out a range of options (6 in total)
- It recommended the formation of government appointed body to oversee the Society’s standard-setting process
- One-to-one meetings with various parties during Summer 2006, culminating in round table meeting with government and regulators in October 2006



Developments since Round Table Meeting

- Scoping group set up following October 06 meeting
 - Membership from 2 departments and 2 regulators.
 - Society had observer status (David Harney)
- Main themes in scoping group's discussions:
 - “Why change if everything is OK at present”?
 - Quality of compliance with standards as well as the standard setting process should be within scope
 - Pensions Board's use of ASPs for public policy purposes
 - Society of Actuaries meets the full cost of standard setting
 - In the UK, industry meets 90% of the cost of BAS standards, the profession pays 10%



Possible Emerging Framework

- Society establishes an oversight body, initially on a voluntary basis
- Membership to include representatives from industry, academia, actuarial profession, regulators (?), other interested parties
- External funding will be made available
- There will be clearer separation between professional matters and public policy issues
- Society must examine its processes for ensuring high standards of professionalism among its members
- Round table meets again on 29 May