IFoA Consultation: Proposals for changes to the Regulatory Framework on Climate Change and Sustainability – ACA response (November 2021)

1. To what extent do you agree that the IFoA should explicitly reference climate change and sustainability in its regulatory and professional requirements?

Strongly Agree	X	Disagree	
Agree		Strongly Disagree	

Please provide any reasons or further explanation for your response here:

The ACA's view is that it is imperative that the professions acts, and is seen to act, in the public interest.

The profession could aspire to set a model of self-regulation seen as a leading light by relevant regulatory bodies or other advisory groups.

2. Option A: Amendment to the Actuaries' Code

To what extent to you agree with **option A** that amplification 2.1 (competence and care principle) of the Actuaries' Code should be amended to include *'climate change and sustainability'*, as outlined above?

Strongly Agree		Disagree	
Agree		Strongly Disagree	X

Please provide any reasons or further explanation for your response here, in particular if you have responded disagree or strongly disagree please explain why:

The clarity of the structure and rationale of the Actuaries' Code in dealing with fundamental principles should not be weakened by specific reference to this, or indeed other very important risk areas.

The requirement for skill and knowledge is implicit in the existing wording of the Code.

3. To what extent do you agree with **option A** that amplification 6.3 (communication principle) of the Actuaries' Code should be amended to include *'climate change and sustainability'*, as outlined above?

Strongly Agree		Disagree	
Agree		Strongly Disagree	X

Please provide any reasons or further explanation for your response here, in particular if you have responded disagree or strongly disagree please explain why:

As for Q2. The requirement for appropriate communication is implicit in the existing wording of the Code.

4. **Option B: Alternative amendment to the Actuaries' Code**

To what extent do you agree with **option B** that amplification 2.1 (competence and care principle) of the Actuaries' Code should also be amended to include *'new and emerging risks"*, as outlined above?

Strongly Agree		Disagree	
Agree		Strongly Disagree	X

Please provide any reasons or further explanation for your response here, in particular if you have responded disagree or strongly disagree please explain why:

As for Q2. Also – caution is needed in bringing professional accountability for unspecified "new and emerging risks" in a practice area before those risks are generally identified, accepted, or understood, and before an appropriate level of relevant knowledge and skill can reasonably be acquired.

5. To what extent do you agree with **option B** that amplification 6.3 (communication principle) of the Actuaries' Code should be amended to include *'new and emerging"*, as outlined above?

Strongly Agree		Disagree	
Agree		Strongly Disagree	X

Please provide any reasons or further explanation for your response here, in particular if you have responded disagree or strongly disagree please explain why:

As for Q4. In any event an obligation to communicate on specific matters must not conflict with other sections of the Code, such as first meeting the competence requirement.

6. **Option C: Introduction of specific guidance to accompany the Code**

To what extent do you agree with **Option C** and the IFoA issuing specific non-mandatory guidance on climate change and sustainability issues, that highlights the resources available and illustrates ways to fulfil the requirements of the Code?

Strongly Agree		Disagree	
Agree		Strongly Disagree	X

7. If you Strongly Agree or Agree with question 6, do you think that such guidance should be

In addition to changes to the Actuaries' Code	
Instead of changes to the Actuaries' Code	

Please provide any reasons or further explanation for your response here:

Q6 is narrowly drawn and potentially ambiguous. The ACA's view is that climate change guidance is essential but best placed separately from the Actuaries Code which is why the strongly disagree box has been completed for Option C.

8. **Are there additional areas of non-mandatory guidance you would like to see on climate change and sustainability?**

Yes. Please see detailed additional comments in 12. below.

9. **What, if any, impact do you think the proposals (either in Options A, B, C or D, please specify) would have on users of actuarial work and public confidence in actuarial standards?**

Option D would have a positive impact on users of actuarial work (such as developing their own perceptions and management of risk). Option D would help to enhance public confidence in actuarial standards, provided the actuarial advice tendered in this area is relevant, accessible, and credible to achieve a positive impact for users.

10. **What are your views on the extent to which these proposals, as a whole, would demonstrate the IFoA's commitment to promoting the public interest in its regulatory role? Are there any aspects that you think have been overlooked? (please specify)**

As a whole these will help to demonstrate IFoA's commitment to promoting the public interest but the actual development of practice around climate change (deeds not words) will be just as important.

11. **Is there any further support on climate change and sustainability that you would request for Members?**

Yes. Please see additional comments in 12. below.

12. **If you wish to provide any other feedback not already covered then please do so here:**

The ACA has held a preliminary discussion with the IFoA Regulatory Team and is pleased to be invited to comment voluntarily on some wider aspects in addition to the specific consultation questions.

ACA members may increasingly include more actuaries working in the fields of investment, DC, CDC, international benefits, sustainability and climate change and other new fields, as well as the DB core. This validates the notion of a new cross-practice standard or generic TAS which would encompass any areas in which actuaries work.

As stated, additional guidance is seen as essential, and the IFoA guidance on Data Science (non-mandatory) shows a possible model.

The introduction of new IFoA regulation and guidance for climate change needs to be swift enough, and flexible enough, to meet practitioner and user needs (and public expectations) in the fast-changing world of climate change knowledge and indeed for other fields. This may be an opportunity for IFoA to redesign some aspects of the regulatory or guidance framework, fit and agile for future needs.

We agree with many of the comments and conclusions in the IFoA's recent publication "Climate risk: information gathering report" and have not repeated those comments here. Developing more actuaries' knowledge of issues more deeply is clearly key. There is no shortage of information as the IFoA proves with its website along with a curated library and external sources.

To provide necessary focus for knowledge development the IFoA could consider providing structured on-line training /CPD modules (perhaps a parallel with TPR trustee training modules). For example, there could be content specifically on new tools (such as the new indices and the scenario tests being developed) so that actuaries have tangible techniques using existing skills and aptitudes that they can bring into their work and advice.

This type of system could generate user information to help the IFoA set/modify appropriate compliance targets and best practice/mandatory conditions. A dynamic evolving set of modules, that could be easily updated, could ensure that guidance stays relevant and up to date, and that the compliance requirements for actuaries to fulfil are clear and straightforward.

Compliance targets could include reviewing climate change competencies in reflective practice discussions assisted by such modules or by alternative programs that employers might provide internally for their own staff.

The ACA runs a continuous program of member events on technical and professional matters and will be able to support the introduction of new regulatory and CPD changes for members.

7. Questionnaire

1. Personal information

Name:	Association of Consulting Actuaries
Position:	Chair. Professional Affairs Committee

2. Region

UK	X	India	
Republic of Ireland		Asia - other	
Rest of Europe		Canada	
South Africa		USA	
Africa - other		South or Central America	
South East Asia		Australia	
Hong Kong		Oceania - other	
China			

3. Are you a Member of the IFoA?

Yes		No	X

4. If yes, which category of Membership do you hold?

Affiliate		Honorary Fellow	
Associate		Retired	
Certified Actuarial Analyst		Student	
Fellow		Student Actuarial Analyst	

5. If you are an actuary, what is your main practice area? (Answer one option only)

Life Assurance		Enterprise Risk Management	
General Insurance		Health and Care	
Pensions		Resource and Environment	
Finance and Investment		Other	

6. Do you want your name to remain confidential?

Yes		No	X

7. Do you want your comments to remain confidential?

Yes	X	No	

8. About your organisation (if applicable)

Name:	Association of Consulting Actuaries

9. Type of organisation (Answer one option only)

Actuarial consultancy		Public body or Regulator	
Insurance company or reinsurer		Educational Establishment	
Bank or Building Society		Not applicable	
Investment Firm		Other	X

If other, please comment:

UK representative body of 1,750 consulting actuaries

10. How many IFoA members (if any) does your organisation employ?

None		101+ members	
2-10		Sole practitioner	
11-50		Don't know	
51-100		Not applicable	X

11. Do you want the name of your organisation to remain confidential?

Yes		No	X

12. Do these comments represent your own personal views or your organisation's views?

Personal views		Organisation's views	X
Both personal views and organisation's views			