

Supervision

Chapter 4

Actuaries

4.5 Provisions applicable to all actuaries

Objectivity

- 4.5.1 **R** An *actuary* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6, must be objective in performing his duties.
- 4.5.2 **G** Objectivity requires the *actuary* to perform his duties in such a manner that he can have an honest belief in his work and does not compromise the quality of his work or his judgment. An *actuary* should not allow himself to be placed in situations where he feels unable to make objective professional judgments.
- 4.5.3 **R** An *actuary* appointed under firms *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6, must take reasonable steps to satisfy himself that he is free from bias, or from any conflict of interest from which bias may reasonably be inferred. He must take appropriate action where this is not the case.
- 4.5.4 **G** The appropriate action may include asking the firm's governing body to re-assign temporarily some or all of his duties to another competent *actuary*. Where this is insufficient, the *actuary* should resign his office.
- 4.5.5 **G** If the *actuary* is an *employee* of the *firm*, the ordinary incentives of employment, including profit-related pay, *share options* or other financial interests in the *firm* or any associate, give rise to a conflict of interest only where they are disproportionate, or exceptional, relative to those of other employees of equivalent seniority.
- 4.5.6 **G** The guidance and professional conduct standards in current issue from the Institute of Actuaries and the Faculty of Actuaries are relevant to compliance with ■ SUP 4.5.1 R and ■ SUP 4.5.3 R.

Actuaries' statutory duty to report

- 4.5.7 **G** (1) *Actuaries* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6, are subject to regulations made by the Treasury under sections 342(5) and 343(5) of the *Act* (Information given by auditor or actuary to a regulator). Section 343 and the

regulations also apply to an actuary of an *authorised person* in his capacity as an actuary of a *person with close links with the authorised person*.

- (2) These regulations oblige *actuaries* to report certain matters to the *appropriate regulator*. Sections 342(3) and 343(3) of the *Act* provide that an *actuary* does not contravene any duty by giving information or expressing an opinion to the *appropriate regulator*, if he is acting in good faith and he reasonably believes that the information or opinion is relevant to any functions of the *appropriate regulator*. These provisions continue to have effect after the end of the actuary's term of appointment.

4.5.7A G

Termination of term of office

4.5.8 G

■ SUP 4.5.9 R to ■ SUP 4.5.11 G apply to a *person* who is or has been an *actuary* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6.

4.5.9 R

An *actuary* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6 must notify the *appropriate regulator* without delay if he:

- (1) is removed from office by a *firm*; or
- (2) resigns before his term of office expires; or
- (3) is not reappointed by a *firm*.

4.5.10 R

An *actuary* who has ceased to be appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6 or who has been formally notified that he will cease to be so appointed, must notify the *appropriate regulator* without delay:

- (1) of any matter connected with the cessation which he thinks ought to be drawn to the *appropriate regulator's* attention; or
- (2) that there is no such matter.

Rights and duties

4.5.12 G

Section 341 of the *Act* (Access to books etc.) provides that an *actuary* appointed under or as a result of the *Act*:

- (1) has a right of access at all times to the *firm's* books, accounts and vouchers; and
- (2) is entitled to require from the *firm's* officers such information and explanation as he reasonably considers necessary to perform his duties as *actuary*.

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- 4.5.13 **R** When carrying out his duties, an *actuary* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6, must pay due regard to generally accepted actuarial practice.
- 4.5.14 **G** The standards, codes and guidance issued from time to time by the Institute and Faculty of Actuaries and the Financial Reporting Council are important sources of generally accepted actuarial practice.