

Setting Actuarial Standards

Executive Summary

1. The Standard-Setters Round Table (SSRT), an informal group of representatives from actuarial standard-setting organizations, has written this paper to assist actuarial associations that are considering whether and how to create or amend structures and processes for developing and implementing actuarial standards.
2. There is no single or “correct” way for every actuarial association to develop or implement actuarial standards. Drawing on the experiences of established standard-setters, this paper suggests questions and approaches that might be considered. At the start of each of the following paragraphs of this Executive Summary is a hyperlink to the relevant section of the paper.
3. **Objective:** The first question that an association may wish to consider is what is the objective of the actuarial standards? What purpose will they serve for users of actuarial work, actuaries and other stakeholders? We suggest possible objectives in the paper, including, for example, ensuring appropriately high quality actuarial work for a user and achieving broad consistency of practice in particular aspects of actuarial work.
4. **Possible standard-setting models** include self-regulation (meaning that the profession develops, implements and enforces its own standards), external regulation (meaning that an external body that operates independently of the profession develops and imposes standards) and a mixed model (a combination of the other models). Again, there is no single model that is “correct” for all situations. The paper suggests some points that might be considered in deciding whether a particular model is appropriate to meet the needs of the profession and the users of the profession’s services in a given country.
5. **Organizational structure of the standard-setter:** Like any organization, the standard-setter will need to have an appropriate organizational structure. Possible considerations include:
 - (a) How many people, and what expertise, will be needed to develop the type of standards required? This will influence decisions on staffing, outsourcing and use of volunteers.
 - (b) How does the standard-setter derive its authority to set standards and what are the limits (if any) of that authority? And how is the actuary bound to comply with the standards? For example, authority and compliance obligations might be set down in legislation, or it might be a condition of membership of an actuarial association that members must comply with its standards.
 - (c) Who will be responsible for oversight and what oversight procedures will apply? This will be influenced by the standard-setting model (self-regulation; external regulation; mixed model).

6. **Due process** typically means that the standard-setter follows a set of transparent procedures in order to propose, develop, expose, promulgate and periodically review standards. The procedures followed will typically be determined on the basis of local conditions and circumstances with a view to ensuring that the standards are both appropriate and proportionate and that the due process followed to achieve them reflects the independence and integrity of the standard-setter. Possible principles to consider are Transparency, Accountability, Proportionality, Consistency and Targeting.
7. **Scope and format of standards:** Each standard-setting body will need to determine to which areas of actuarial practice the standards will apply, how the body of standards will be structured and what matters will be addressed within the standards, the type of language that will be used, and related matters. Possible considerations include:
 - (a) Will the standard-setter develop only general or cross-practice standards applying to all areas of practice, or will it also develop practice-specific standards that have regard to specific features of discrete areas of practice, such as life, casualty (non-life), pensions, health or enterprise risk management?
 - (b) Will the standards be rules-based (prescriptive) or principles-based? Principles-based regulation tends to be more flexible than rules-based, but less certain and more open to interpretation. Rules are more certain but may also be more rigid and it may be difficult to keep a rules-based system up to date as the regulatory and business environment evolves.
 - (c) Language: To avoid ambiguity about the status of any provisions, standard-setters have found it advisable to define within their standards what is meant by terms such as “shall”, “must”, “should” and “may”. Consideration could also be given to creating a stand-alone glossary of other terms that are used across many standards. The term “guidance” is an example of a term that has different meanings in different jurisdictions.
8. **Assessing the effectiveness of standards:** An association might carry out post-implementation reviews that involve dialogue with actuaries, regulators and users of actuarial services, to assess whether standards have helped to improve the quality of actuarial work and whether they continue to be relevant and effective. The association might also consider how it might monitor members’ compliance with standards. The association could also consider organizing outreach efforts in order to promote the use of standards and foster compliance as an integral part of every actuary’s routine.
9. **Addressing non-compliance with standards:** Finally, an association might consider what actions it can and will take in the case of members’ non-compliance with standards, once they are adopted.

This paper elaborates on the above points. The questions and approaches set out are offered only as suggestions for consideration. Nothing in this paper is intended to be prescriptive and approaches other than those mentioned may be equally valid and effective.

Some suggested further reading is listed in Appendix 1.

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The Standard-Setters Round Table welcomes feedback on this paper. Please send any questions or comments to Amali.Seneviratne@actuaries.org.

Introduction

- 1.1 The [Standard-Setters Round Table](#) (SSRT) is an informal group of representatives from actuarial standard-setting organizations. The SSRT has written this paper to assist actuarial associations that are considering whether and how to create or amend structures and processes for developing and implementing actuarial standards. The paper suggests some questions and approaches that might be considered, drawing on the experiences of established standard-setters.
- 1.2 There is no single or “correct” way for an actuarial association to develop or implement actuarial standards. The actuarial profession in each country, and the organizations that represent and regulate the profession in each country, will want to take into account local circumstances in developing an appropriate standard-setting framework. Such local circumstances may differ widely from actuarial association to association. Nonetheless, the SSRT hopes that national actuarial associations contemplating the development of a standard-setting process may benefit from the thoughts set out below.

The questions and approaches set out below are offered only as suggestions for consideration. Nothing in this paper is intended to be prescriptive and approaches other than those mentioned may be equally valid and effective.

2. Considerations in establishing actuarial standards of practice

- 2.1 Points that SSRT members have considered when establishing a set of actuarial standards of practice have included:
 - i. [The objective of actuarial standards;](#)
 - ii. [Possible standard-setting models;](#)
 - iii. [Organisational structure of the standard-setter;](#)
 - iv. [Due process;](#)
 - v. [Scope and format of standards;](#)
 - vi. [Assessing the effectiveness of standards;](#)
 - vii. [Addressing non-compliance with standards.](#)

These points are discussed below.

3. The objective of actuarial standards

- 3.1 The first question that an association may wish to consider is what is the objective of the actuarial standards?
- 3.2 Possible objectives may include¹:
 - i. Ensuring appropriately high quality actuarial work for a user;

¹ See [Wildsmith, “The Academy and the Web of Professionalism: Part 3, Actuarial Standards of Practice” \(2017\)](#) at <http://www.actuary.org/files/imce/WebOfProfessionalism2017.pdf>

- ii. Assuring the public that the profession’s work serves the public in an effective and responsible manner;
- iii. Assuring government officials that actuarial standards exist and can be relied upon to enable governmental officials and the public to trust the work of actuaries;
- iv. Assuring related professions that they can rely upon standards-based actuarial practice;
- v. Providing actuaries with known and relevant benchmarks within which they can operate with respect to techniques, applications, procedures and assumptions;
- vi. Achieving broad consistency of practice in particular aspects of actuarial work; and
- vii. Establishing a basis for determining sound actuarial practice and for professional discipline.

3.3 Readers might also find it useful to consider the [discussion paper](#)² on the Convergence of Actuarial Standards published by an International Actuarial Association (IAA) Task Force in September 2010 (see, in particular, section 2.3 of that paper) and Chapter 3 of the IAA Risk Book on [Professional Standards](#)³. The IAA’s “[Statement of Objectives for International Standards of Actuarial Practice \(ISAPs\)](#)”⁴ may also be helpful.

4. Possible standard-setting models

- 4.1 Another consideration is the kind of standard-setting model that is appropriate for the context in which the national actuarial profession operates. Models may differ depending on the degree to which the national actuarial profession has autonomy and is able to regulate itself. Three broad variants are:
- i. Self-regulation. In a self-regulated model, the actuarial profession establishes a process or a separate standard-setting body⁵ to develop and promulgate actuarial standards, as well as a professional discipline mechanism to ensure that the standards are enforced.
 - ii. External regulation. In this model, standards are set by an external body that operates independently of the profession. This body could be, for example, a regulator, a government agency with legal authority over the profession, or another body that fulfils the function independently of, but by agreement with, the national actuarial association⁶. The standards might be imposed on actuaries under legislation or it might be a condition of membership of the actuarial association that members comply with the standards. In the latter case, the external body might require that practitioners who are not members of the actuarial association also comply with the standards.

² http://www.actuaries.org/COUNCIL/Documents/Vienna_ItemB16_Convergence_Paper.pdf

³ http://www.actuaries.org/LIBRARY/Papers/RiskBookChapters/Ch3_ProfessionalStandards_2015-07-29.pdf

⁴ http://www.actuaries.org/ABOUT/Documents/Statement_Objectives_ISAP_EN.pdf

⁵ Examples include the Actuarial Standards Boards in the U.S. and Canada.

⁶ For example, in the U.K, an external model applies in respect of technical standards - the Financial Reporting Council (a non-governmental public body) issues Technical Actuarial Standards (TASs) by agreement with the Institute and Faculty of Actuaries (IFoA) and the IFoA requires its members to comply with them.

iii. Mixed model. Here, some standards are set by the actuarial profession (possibly with external oversight) and some by an independent external body⁷.

4.2 In deciding whether a particular model is appropriate to meet the needs of the profession and the users of the profession's services in a given country, the model might be evaluated in light of the following considerations:

- (i) Protection of the public or the public interest (as those terms are understood within the local context);
- (ii) Actuarial expertise and commercial understanding of the standard-setter;
- (iii) Consideration of the views of stakeholders affected by the standard-setting activity;
- (iv) Avoidance of undue commercial influence;
- (v) Timeliness and cost-effectiveness of the standard-setting activity;
- (vi) Ability to establish sound governance of the standard-setting process;
- (vii) Accountability of the standard-setting body;
- (viii) The perceived legitimacy of the standard-setting body and its authority to set binding standards; and
- (ix) Other local considerations.

The relative importance of each of the above factors to the profession and other stakeholders affected by the standard-setting activity may differ by jurisdictions.

5. Organizational structure of the standard-setter

5.1 The form of the standard-setter may vary according to the model of standard-setting selected—self-regulation; external regulation; or mixed model. Whatever form applies, like any organization, the standard-setter will need to have an appropriate organizational structure. Organizational considerations include:

- (i) *Organization, staff and resources of the standard setter.* The standard-setter may be structured as (for example) a board or council whose members represent various actuarial practice areas. In order to draw upon the technical expertise needed to issue detailed standards, the standard-setter may choose to have standing committees or to establish task forces to develop individual standards. Other questions that may be considered in organizing the standard-setter include:
 - a. How many people, and what expertise, will be needed?
 - b. To what extent will work be performed by paid staff with appropriate expertise and to what extent (for what parts of the work – e.g. exploring ideas, drafting, informal review of pre-consultation drafts, etc.) will the standard-setter use volunteer input from members of the actuarial association?

⁷ For example, in the U.K., overall a mixed model applies – as seen above, an external model applies in respect of technical standards; in addition, the IFoA issues ethical / conduct-related standards and the FRC oversees this activity.

- c. Will there be participation by non-actuaries?
- d. What legal and administrative support will be required?
- e. What funding will be required to establish and maintain the preferred standard-setting structures and processes?

Governance issues to be considered include identifying the tenure of the members of the standard-setter, budgetary matters, decision-making processes, oversight of operations, etc.

(ii) *Source of the standard-setter's authority.* How does the standard-setter derive its authority to set standards and what are the limits (if any) of that authority? And how is the actuary bound to comply with the standards? For example:

- a. The authority to set standards, and the obligation for actuaries to comply with them, might be set down in legislation or regulatory requirements.
- b. An actuarial association's constitution (for example, its charter or bylaws) might authorise its governing body to set standards and compliance with the standards might be a condition of membership.
- c. An actuarial association's code of conduct might provide that the association (or an external body) has authority to issue standards that are binding on members and compliance with the code might be a condition of membership.

Documenting and communicating the scope and authority of the standard-setter and the basis and limits thereof is useful in providing clarity.

(iii) *Accountability and Oversight.* Regardless of the model selected, the standard-setter should be held accountable to exercise its standard-setting role properly. The concept of accountability implies that the standard-setter will be subject to some form of oversight and that the oversight itself must be structured properly. Questions that may be asked in establishing accountability and structuring an appropriate oversight mechanism might include:

- a. To whom and how will the standard-setter be accountable in respect of its standard-setting activity, including expenditure of funds, recruitment of staff, etc.?
- b. Will it have full authority to develop and issue standards as it sees fit? Or will it require approval from, the governing body of the actuarial association or some other party, and if so, for what matters/decisions?
- c. Who will be responsible for oversight and what oversight procedures will apply?

The functions of an oversight committee or body might include nominating and appointing members of the standard-setting committee or board, reviewing and approving the expenditure of funds, reviewing the standard-setting strategy, and confirming that the standard-setting activity has followed agreed due process and has not been affected by undue commercial influence. The oversight body could be comprised of the members of the board of directors of the actuarial association or it could be a body that is separate from the actuarial association. The oversight body may include individuals who have non-actuarial expertise and perspective.

6. Due process

- 6.1 A standard-setting board or council usually develops and issues standards within a due process framework. Due process typically means that the standard-setter follows a set of transparent procedures in order to propose, develop, expose, promulgate and manage the ongoing review and revision of standards. The procedures followed by the standard-setter will typically be determined on the basis of local conditions and circumstances with a view to ensuring that the standards are both appropriate and proportionate and that the due process followed to achieve them reflects the independence and integrity of the standard-setter.
- 6.2 The due process procedure might be structured to encourage input from both inside and outside the profession. This might be established through an exposure and comment process whereby the standard-setter makes draft standards available before they are adopted officially, “exposing” them to the world for comment. There are other methods of gaining input from important stakeholders. The perspective of users of actuarial work might be identified, for example, by establishing a “user group” or advisory body comprised of individuals (or representatives of entities) that are affected by and interested in actuarial work and have diverse professional backgrounds.
- 6.3 The principles used to structure due process procedures may differ from country to country.
- (i) The “[Principles of Good Regulation](#)”⁸ published by the Better Regulation Task Force in the United Kingdom in 2003 provide one example of such principles. In the U.K., the Institute and Faculty of Actuaries has structured its standard-setting activity to take account of the following principles of due process:
- a. Transparency - *operating with openness and accountability; making actions visible to others*
 - b. Accountability - *accounting for and taking responsibility for actions taken*
 - c. Proportionality – *checking that remedies are appropriate to the risk posed*
 - d. Consistency – *is the suite of standards coherent as a whole and does it take account of relevant legal/regulatory frameworks?*
 - e. Targeting – *is there a clear purpose for introducing a standard, such as a specific problem or risk?*

8

<http://webarchive.nationalarchives.gov.uk/20100407173247/http://archive.cabinetoffice.gov.uk/brc/upload/assets/www.brc.gov.uk/principlesleaflet.pdf>

See Appendix 2 for examples of actions that a standard-setter might take in order to follow these principles.

- (ii) The IAA has published its “[Due Process for International Standards of Actuarial Practice](#)”⁹ which might be a useful model to consider in developing due process principles and procedures to develop, expose, promulgate and revise standards.
- (iii) If an actuarial association that is a Full Member of the IAA adopts actuarial standards of practice, section 2.2.2. (c) of the IAA’s Internal Regulations requires that the association must have in place a formal process for doing so and must submit the process to the IAA. The IAA’s criteria for an acceptable process are set out in its Internal Regulations, as follows:
 - a. The proposal to consider a possible standard follows an established process.
 - b. The proposed standard is available to actuaries who are members of the association and, where relevant, to third parties for comment.
 - c. Comments on the exposure draft shall be duly considered.
 - d. Upon adoption of the standards, they are to be disseminated by an authority vested with such powers.
 - e. The standards are published and made available to practicing actuaries who are members of the Full Member.

Examples of some actuarial associations’ descriptions of their due process for adoption of standards are included in Appendix 1.

7. Scope and format of standards

7.1 Each standard-setting body will also need to determine to which areas of actuarial practice the standards will apply, how the body of standards will be structured and what matters will be addressed within the standards, the type of language that will be used , and related matters.

7.2 Possible considerations include the following:

- (i) *Cross-practice v. Practice-specific standards.* General or cross-practice standards address principles of practice that are relevant across all areas of actuarial work. Practice-specific standards have regard to specific features (in particular, the relevant legislation and regulatory requirements) of discrete areas of practice, such as life, casualty (non-life), pensions, health or enterprise risk management. If the standard setter chooses to develop practice-specific standards, it might be useful to also have a general cross-practice standard as a foundation, to limit duplication of material across standards and (where appropriate) to promote consistency of practice across practice areas. The IAA’s ISAP 1 and 1A¹⁰ are examples of model standards that are cross-practice, rather than practice-specific.

9

http://www.actuaries.org/CTTEES_ASC/isaps/Due%20Process/Due_process_ISAP_revised_20March2016_Clean.pdf

¹⁰ http://www.actuaries.org/index.cfm?lang=EN&DSP=PUBLICATIONS&ACT=STANDARDS_ISAP

- (ii) *Rules-based (prescriptive) v. principles-based standards.*
- a. The two approaches are described succinctly in the [discussion paper](#)¹¹ on the Convergence of Actuarial Standards mentioned previously: “A “*principles-based*” system involves setting out high level principles and requiring the persons following the standards or regulations to use a degree of judgement in deciding how to apply those principles to each particular piece of work in each particular situations. A “*rules-based*” system involves laying down detailed rules which the persons involved are then required to follow.”
 - b. The Actuarial Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board in the United States are examples of principle-based standards. ASOP No. 1 explains what “principles-based” means in that context:

“The ASOPs are principles-based and do not attempt to dictate every step and decision in an actuarial assignment. Generally, ASOPs are not narrowly prescriptive and neither dictate a single approach nor mandate a particular outcome. Rather, ASOPs provide the actuary with an analytical framework for exercising [professional judgment](#), and identify factors that the actuary typically should consider when rendering a particular type of actuarial service. The ASOPs allow for the actuary to use professional judgment when selecting methods and assumptions, conducting an analysis, and reaching a conclusion, and recognize that actuaries can reasonably reach different conclusions when faced with the same facts.”¹²
 - c. Principles-based regulation tends to be more flexible than rules-based, but less certain and more open to interpretation. Rules are more certain but may also be more rigid and it may be difficult to keep a rules-based system up to date as the regulatory and business environment evolves.
 - d. Whether to adopt a principles-based or rules-based approach will depend partly on the purpose of the standards. For example, if standards are to be introduced to address perceived gaps in a regulatory framework, a rules-based approach might be appropriate. A principles-based approach might be preferred where the purpose is to guide actuaries in exercising professional judgement in the interpretation and implementation of a rules-based regulatory system.
- (iii) *Status and application.* Whether standards are rules- or principles-based, it will be important to be clear about their status and application, i.e. state whether compliance is mandatory and if so, by whom and in what circumstances. Information on the consequences of non-compliance might be provided within the standard or as an annex or separately; consequences might include possible investigation and sanction under a disciplinary scheme. If departure from particular requirements of a standard is permissible in certain limited circumstance, this would usually be stated in the standard; typically, the actuary would be required to disclose the departure and reasons for it to the user(s) of his or her work.

¹¹ http://www.actuaries.org/COUNCIL/Documents/Vienna_ItemB16_Convergence_Paper.pdf

¹² ASOP No. 1, Introductory Actuarial Standard of Practice Section 3.1.4 (March 2013).

- (iv) *Subject matter.* Standards might cover, for example:
 - a. Technical matters related to areas of actuarial practice;
 - b. Quality assurance - how the actuary should ensure that the work product is of high quality and addresses the needs of intended users; and/or
 - c. Communicating / reporting the results of actuarial work.

All Full Member associations of the IAA and the Actuarial Association of Europe also have a Code of Conduct in place, which typically addresses ethical principles and considerations.

- (v) *Style.* It is usually helpful to adopt a consistent style across a suite of standards. This might include, for example, a consistent approach to setting out at the start of a standard its status and application, purpose and the definition of terms used throughout the standard.

- (vi) *Language:* It is important to be clear about the meaning of terms used.

- a. To avoid ambiguity about the status of any provisions, standard-setters have found it advisable to define within their standards what is meant by terms such as “shall”, “must”, “should” and “may”.
- b. Consideration could also be given to creating a stand-alone glossary of other terms that are used across many standards, to prevent accidental and potentially confusing differences in definition from one standard to another (there may, however, be instances where it is appropriate to vary the definition of a term within a particular standard).
- c. An example of a term that can mean different things to different people is “guidance”. For example, in the U.S., this term is used in the context of mandatory requirements - the Actuarial Standards of Practice (ASOPS) published by the Actuarial Standards Board “provide guidance” to actuaries and are “binding on members of the U.S.-based actuarial organizations when rendering actuarial services in the U.S.”¹³. By contrast, in the U.K., the Institute and Faculty of Actuaries (IFoA) publishes “non-mandatory guidance” as a “resource material” to “assist members to meet their professional obligations”; the IFoA does not direct or recommend that members comply with the guidance (members are, however, subject to obligations to comply with specific “standards”)¹⁴.

8. Assessing the effectiveness of standards

- 8.1 An association might also consider the processes to be put in place for assessing the effectiveness of the standards.

¹³ <http://www.actuarialstandardsboard.org/asops/introductoryactuarialstandardpractice/>

¹⁴ <https://www.actuaries.org.uk/upholding-standards/standards-and-guidance>

- 8.2 A post-implementation review could be carried out as a regular exercise of the standard-setter's technical committees, for example. This might involve dialogue with actuaries, regulators and users of actuarial services to assess whether the standard has helped to improve the quality of actuarial work and whether it continues to be relevant and effective.
- 8.3 How might the association monitor members' compliance with the standards? Monitoring may serve to ensure that the standards are effective and that they are being applied as intended. However, widespread active compliance monitoring might be beyond the capacity of the actuarial association or standard-setter. Resources may also be applied to promote actively the use of standards and actuarial professionalism generally. The association might consider organizing outreach efforts with various audiences to show how important standards are and how every actuary has a stake in the use of the standards. This can serve to foster widespread acceptance and understanding of standards and make compliance with standards an integral part of every actuary's routine.

9. Addressing non-compliance with standards

- 9.1 Finally, an association might consider what actions it can and will take in the case of members' non-compliance with standards, once they are adopted. In this regard, it is important that actuaries understand what the consequences are, e.g. in terms of possible investigation and sanction under the association's disciplinary scheme, if the actuary fails to comply with applicable standards. Expanding on this subject is beyond the scope of this note, but we mention it for completeness.

Appendix 1

Suggested further reading

Wildsmith, “The Academy and the Web of Professionalism: Part 3, Actuarial Standards of Practice” (2017) - <http://www.actuary.org/files/imce/WebOfProfessionalism2017.pdf>

Discussion paper on “Convergence of Actuarial Standards”, published by an International Actuarial Association (IAA) Task Force (2010) - http://www.actuaries.org/COUNCIL/Documents/Vienna_ItemB16_Convergence_Paper.pdf

IAA Risk Book – Chapter 3 on Professional Standards
http://www.actuaries.org/LIBRARY/Papers/RiskBookChapters/Ch3_ProfessionalStandards_2015-07-29.pdf

IAA “Statement of Objectives for International Standards of Actuarial Practice” - http://www.actuaries.org/ABOUT/Documents/Statement_Objectives_ISAP_EN.pdf

IAA “Due Process for International Standards of Actuarial Practice” - http://www.actuaries.org/CTTEES_ASC/isaps/Due%20Process/Due_process_ISAP_revised_20March2016_Clean.pdf

“Principles of Good Regulation”, published by the UK Better Regulation Task Force (2003) - <http://webarchive.nationalarchives.gov.uk/20100407173247/http://archive.cabinetoffice.gov.uk/brc/upload/assets/www.brc.gov.uk/principlesleaflet.pdf>

Examples of due process for the adoption of actuarial standards of practice:

These examples are included for information only. These examples of due process have not been reviewed, nor are they endorsed, by the Standard-Setters Round Table. A due process that is effective in one scenario might not be effective in another scenario.

Actuarial Standards Board, Canada

Policy on Due Process for the Adoption of Standards of Practice
<http://www.cia-ica.ca/docs/default-source/asb/asb-policy-due-process-e.pdf>

Politique sur le processus officiel d’adoption de normes de pratique
<http://www.cia-ica.ca/docs/default-source/asb/asb-policy-due-process-f.pdf>

Actuarial Standards Board, US

Actuarial Standards Board Procedures Manual
<http://www.actuarialstandardsboard.org/wp-content/uploads/2017/06/ASB-Procedures-Manual-doc-187.pdf>

Deutsche Aktuarvereinigung e.V. (DAV) (Germany)

Procedure for the Adoption of Professional Standards of Practice
http://www.actuaries.org/CTTEES_PROFESS/Documents/Resources_ProfessionalStandards_DAV.pdf

Appendix 2

Example of Due Process Principles and Related Actions

In the United Kingdom, the Institute and Faculty of Actuaries has structured its standard-setting activity to take account of the following principles of due process: Transparency, Accountability, Proportionality, Consistency and Targeting. A variation of these due process principles is used by the U.K.'s Financial Reporting Council. Drawing on the "[Principles of Good Regulation](#)"¹⁵ published by the UK Better Regulation Task Force, we set out below some examples of actions that a standard-setter might take in order to follow these principles.

i. Transparency - *operating with openness and accountability; making actions visible to others*

Possible actions:

- (a) Define the policy objectives of the standard-setting objective and communicate them to stakeholders.
- (b) Consult with stakeholders before proposals are developed, to take stakeholders' views and expertise into account.
- (c) Make minutes of meetings and/or records of key decisions made during the development of a standard publicly available.
- (d) Keep standards clear and simple, use plain language.
- (e) After drafting a standard, consult with stakeholders before implementation, allowing a reasonable amount of time (e.g. 3 – 4 months) for stakeholders to respond.
- (f) Having regard to input received during the consultation period, consider whether further engagement with stakeholders is desirable, e.g. public roundtables.
- (g) Publish a response to the consultation, including (where applicable) reasons for not taking on board some of the feedback, and consider whether re-exposure of a revised draft standard is desirable.

ii. Accountability - *accounting for and taking responsibility for actions taken*

Possible actions:

- (a) As above, consult with stakeholders and explain the rationale for final decisions.
- (b) Throughout the development of a new or revised standard, report to the oversight body (/board/committee) on a regular basis about the status of the standard-setting process. Agree clear criteria against which progress can be assessed.

15

<http://webarchive.nationalarchives.gov.uk/20100407173247/http://archive.cabinetoffice.gov.uk/brc/upload/assets/www.brc.gov.uk/principlesleaflet.pdf>

iii. Proportionality – checking that remedies are appropriate to the risk posed

Possible actions:

- (a) Given a perceived problem or risk, consider the various options for addressing it (including, for example, educational approaches) before deciding to introduce a standard. Alternatives may be cheaper and/or more effective.
- (b) For any new or revised standard, carry out a cost-benefit analysis, having regard to initial and ongoing benefits and costs of implementation.

iv. Consistency – is the suite of standards coherent as a whole and does it take account of relevant legal/regulatory frameworks?

Possible actions:

- (a) If technical standards are to be developed to help actuaries to interpret legislative/regulatory requirements or to help achieve consistency in the implementation of these requirements, engage with regulators to ensure a common understanding of the requirements and an alignment in terms of the desired outcomes of regulation.
- (b) Be consistent in the style and language used across standards.

v. Targeting – is there a clear purpose for introducing a standard, such as a specific problem or risk?

Possible actions:

- (a) In deciding what standards to develop, focus primarily on activities that give rise to the most serious risks.
- (b) Regularly review whether existing standards are still necessary and effective, or should be modified or withdrawn.