

# Statement of Regulatory Approach

## Information for the public and members

1 July 2025

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## 1. Introduction

- 1.1 This statement has been issued by the Council of the Institute of Actuaries of Australia (the Actuaries Institute).
- 1.2 As a profession the public places its trust in the Members of the Actuaries Institute to hold high standards. When we talk about the 'public' we mean any individual member of the community, government or corporation which is, or may be, affected by the professional practice of a Member, and this includes a client of a Member. In acknowledging the public's trust, the Actuaries Institute strives to ensure that its Members uphold the highest technical, professional and ethical standards. The Actuaries Institute is committed to holding its Members accountable to those standards.
- 1.3 This Statement reflects our acknowledgement that a regulatory framework for a profession should reflect due consideration of:
  - a. **Public Interest**
    - To demonstrate how we protect the public interest
    - To explain our approach to public protection
    - To show how we balance different stakeholder needs
  - b. **Transparency**
    - To make regulatory processes clear and understandable
    - To demonstrate openness in decision-making
    - To explain how we exercise our regulatory powers
  - c. **Accountability**
    - To show responsibility in exercising regulatory powers
    - To demonstrate commitment to fair regulation
    - To explain how we make decisions
  - d. **Setting Expectations**
    - To provide clarity to our Members of what we expect from them
    - To provide clarity to the public of what we expect from our Members
    - To show how non-compliance will be addressed
  - e. **Resource Prioritisation**
    - To explain our risk-based approach to regulation
    - To show how we prioritise regulatory activities
    - To demonstrate efficient use of our resources

## 2. What this Statement Seeks to do

- 2.1 This Statement seeks to:

- a. Explain how the Actuaries Institute performs its role as regulator of a Member's professional conduct; and
  - b. Demonstrate the Actuaries Institute's commitment to transparency regarding its:
    - i. Regulatory framework;
    - ii. Processes; and
    - iii. Approach to Member regulation.
- 2.2 This Statement also shows how the Actuaries Institute aims to ensure that its regulatory outcomes:
- a. Align with current community expectations;
  - b. Are targeted and effective in minimising actual and potential harm to the public; and
  - c. Remain consistent, proportionate and fair to Members.

### 3. Self Regulation

- 3.1 Actuaries are a self-regulating profession. While subject to common law, they are not generally subject to legislative oversight of professional conduct. The direct professional regulation of actuaries is primarily handled by the Actuaries Institute (the professional body for actuaries in Australia), which sets professional standards, a code of conduct, and continuing professional development requirements for its Members.<sup>1</sup>
- 3.2 The primary purpose of self-regulation is the protection of the public. Its secondary purpose is the protection of the reputation of the profession.
- 3.3 Self-regulation means that actuaries can control the development of professional standards – ever mindful, however, of the overriding responsibility to act in the public interest.

### 4. Our Regulatory Objectives

- 4.1 The objectives of our Regulatory Framework are to:
  - Protect the public;
  - Maintain public trust;
  - Protect clients of actuaries; and
  - Maintain the competency, ethical and professional standards of the actuarial profession.

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<sup>1</sup> Although the Australian Prudential Regulation Authority (APRA) doesn't directly regulate individual actuaries in Australia, it does establish prudential standards that affect actuaries working in APRA- regulated financial institutions.

## 5. Our Regulatory Framework - Four Pillars

5.1 The Actuaries Institute's regulatory functions and framework rests firmly on four pillars. These are:

- Membership of the Actuaries Institute;
- The Code of Conduct (the Code);
- Professional Standards; and
- The Disciplinary Scheme.

### 5.2 **The First Pillar - Membership of the Actuaries Institute**

Membership arises out of an agreement between the Actuaries Institute and the individual Member. Its objective is to set out the Actuaries Institute's and the Member's understanding and expectations of Member professional standards and conduct. The Constitution outlines requirements for qualified actuaries' membership entry, obligations and exit. Council can grant, refuse or remove a Member's membership.

### 5.3 **The Second Pillar – The Code of Conduct**

The Code sets out the standards of conduct to be observed by a Member. It forms part of the ethos of the actuarial profession. The objective of the **Code** is to provide principles which Members must observe in the public interest and to build and promote confidence in the services provided by actuaries and in the actuarial profession.

Since 31 March 2020, the Code has been principles-based and encompasses conduct outside of a Member's actuarial professional life, if it may have an impact upon the reputation of the Actuaries Institute or the actuarial profession as a whole. The Code makes it clear that the protection of the public is foremost for the Code while acknowledging the shared interests of Members in this objective.

### 5.4 **The Third Pillar – Actuarial Standards**

The objective of a **Professional Standard** is to set out mandatory general professional requirements of membership or principles and practices that must be followed in a particular area of practice. The Actuaries Institute is committed to promoting and maintaining a high standard of actuarial practice through providing quality guidance and mandatory professional standards. We regularly update Professional Practice Documents (PPDs) (including mandatory standards and other technical papers and guidance) based on practice committee advice, with each committee annually verifying the ongoing relevance of their PPDs.

The Professional Practice and Professionalism Committees oversee actuaries' technical requirements and Code guidance. PPDs include mandatory Professional Standards, along with Practice Guidelines and Technical Papers to support actuarial practice. The Professional Standards Manager (PSM) assists these committees and supports the committees overseeing disciplinary functions.

## 5.5 The Fourth Pillar - The Disciplinary Scheme

The Disciplinary Scheme (the Scheme) is established by the Constitution. The objective of the **Scheme** is to uphold and enhance the standards of professional conduct of Members, and maintain and promote the good standing and reputation of the Actuaries Institute and the profession of actuary, in the interest of the Members, and in the public interest.

The Scheme operates to protect public confidence in the profession by establishing a mechanism to maintain and enforce the standards expected of Members. Complaints about the conduct of Members are dealt with under the Scheme. The Scheme follows administrative law principles and operates through four decision-making stages, incorporating legal and lay and members to ensure fairness, transparency and reflect community expectations.

- 5.6 The Actuaries Institute can only investigate the professional conduct of a current or former Member (under certain circumstances). A complaint about the Actuaries Institute, its functions or processes, will not usually be a matter for disciplinary action unless there is evidence of bad faith or malicious intent on the part of a Member.

## 6. Principles of Our Regulatory Approach

- 6.1 Act in the Public Interest and maintain Public Trust.

We use our self-regulatory powers to protect consumers of actuarial services, preserve public confidence in the Actuaries Institute and our Members, and maintain the actuarial profession's highest technical actuarial standards. Intentional non-compliance with the Code and Professional Standards is dealt with firmly. We adapt our approach to evolving actuarial, government and community expectations. We consult widely with other domestic and international stakeholders.

- 6.2 Our regulatory response is risk based – and as such is commensurate with the seriousness of the alleged conduct, and whether it results in potential harm or actual harm. We focus on areas of greatest potential or actual risk of serious harm to the public and/or clients of actuaries.

- 6.3 Subject to the overarching objectives referred to in this Statement, we aim to conduct disciplinary processes according to the following principles:

- We make decisions based on the best available evidence;
- Every participant in the disciplinary process must be treated fairly and afforded procedural fairness;
- We publish guidance about our processes and information on our regulatory outcomes and activities; and
- We aim to treat similar matters in a similar way.

- 6.4 The well-being of all participants in our regulatory processes is an Institute priority.

- 6.5 We aim for practical outcomes that address conduct issues in a proportionate way. For example, a response based on education of the Member may be appropriate for less serious matters.

## 7. What We Do

### 7.1 **Enforce our Professional Standards and Compliance with the Code through the Scheme**

Breach of a Professional Standard is prima facie misconduct under the Code. Like other breaches of the Code these will be investigated under the Scheme. It is important to note that the Actuaries Institute can make its own complaint against a Member even if no formal complaint has been made by a member of the public.

### 7.2 **Investigate Complaints**

Complaints about actuaries are made under the Scheme. When a complaint is received about a Member the PSM will refer the Complaint to the Convenor of the Conduct Committee for preliminary assessment. Further information about our complaints handling processes, facing a complaint and making a complaint can be found on our website at

<https://www.actuaries.asn.au/professional-standards-and-regulation/disciplinary-scheme/guidance-papers>.

### 7.3 **Consider Other Matters**

Often matters come to the attention of the PSM or the Actuaries Institute through other avenues.

These include:

- Matters arising from overseas actuarial professional and membership organisations;
- Disclosures by actuaries; and
- Matters from external sources, ranging from courts, government agencies and members of the public.

### 7.4 **Where the issue doesn't warrant a formal complaint but is an opportunity to improve the profession and public confidence**

For those matters that do not justify the making of a complaint we focus on education of the Member and securing compliance in the future. This may range from the Member volunteering to take educative steps or mentoring.

## 8. Our Focus

### 8.1 **Immediate issues**

- We respond to information we receive either through the complaints process (about or from actuaries).
- We monitor compliance with any undertakings or tribunal orders.

### 8.2 **Emerging issues**

We focus on the following emerging areas:

- Education – We are strategic in how we both develop and deliver education to the profession - targeting identified and emerging areas of practice risk or concerns, and supporting the demands that varying practice sizes and structures make of our Members. At a broader level we provide general information to raise awareness of the regulatory requirements for actuaries;
- Setting standards – we continue to update and develop technical standards for actuarial practice in response to the larger financial, economic, public and government ecosystem in which actuaries work; and
- Monitoring compliance - we record and register compliance with disciplinary orders.

### 8.3 Collaboration

We collaborate with stakeholders like the Australian Prudential Regulation Authority (APRA) and Australian Securities and Investments Commission (ASIC) to benefit the actuarial profession and community. We learn from and work closely with international actuarial associations, including the Actuaries Institute and Faculty of Actuaries (IFoA) and the International Actuarial Association (IAA), to enhance the global actuarial profession.

The Actuaries Institute works closely with APRA to ensure alignment between professional standards and regulatory requirements, creating a comprehensive framework for actuarial practice in regulated financial institutions.

### 8.4 Mutual Recognition Agreements

We enter into mutual recognition agreements with other international actuarial membership bodies. These serve to facilitate global actuarial services through qualified actuary recognition criteria, recognise similar qualifications to eliminate unnecessary barriers and enhance global actuarial education, research and services.

## 9. Regulatory Outcomes

- 9.1 Our regulatory outcomes are educative and seek to act in the public interest and maintain public trust”.
- 9.2 As a general statement, serious sanctions will generally be imposed where there is a risk of or actual serious harm caused (either to clients or the public or government confidence in our Members) and the conduct involves either dishonesty or an unwillingness to comply with standards expected by the community or the Actuaries Institute.
- 9.3 Where there is a risk of or actual serious harm to the public or profession, we can take the following disciplinary actions as appropriate:
  - Disciplinary tribunal orders - the tribunal may make a range of orders, including to suspend or cancel membership, impose a fine, issue an enforceable undertaking;
  - Seek criminal prosecutions or apply for other court orders.
- 9.4 Where we are assessing less serious conduct the following guardrails apply:

- Where actuaries demonstrate insight into how their conduct fell short of expected standards, they may enter into a professional conduct undertaking, agreeing to specific actions that remedy client concerns, address public risk and further their education; and/or
- For low-risk breaches with mitigating factors, we may issue reprimands or warnings, steered by our published guidance including that on Decision Making, Sanctions, Educational Sanctions and Professional Conduct Undertakings. Where harm is minimal and actuaries show both willingness and insight into their conduct, we implement an educative approach to achieve compliance with Scheme objectives.

## 10. Information

- 10.1 Further information about all aspects of our regulatory framework can be found on the Actuaries Institute's website. Specific enquiries can be directed to the Professional Standards Manager.

### Document control

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