

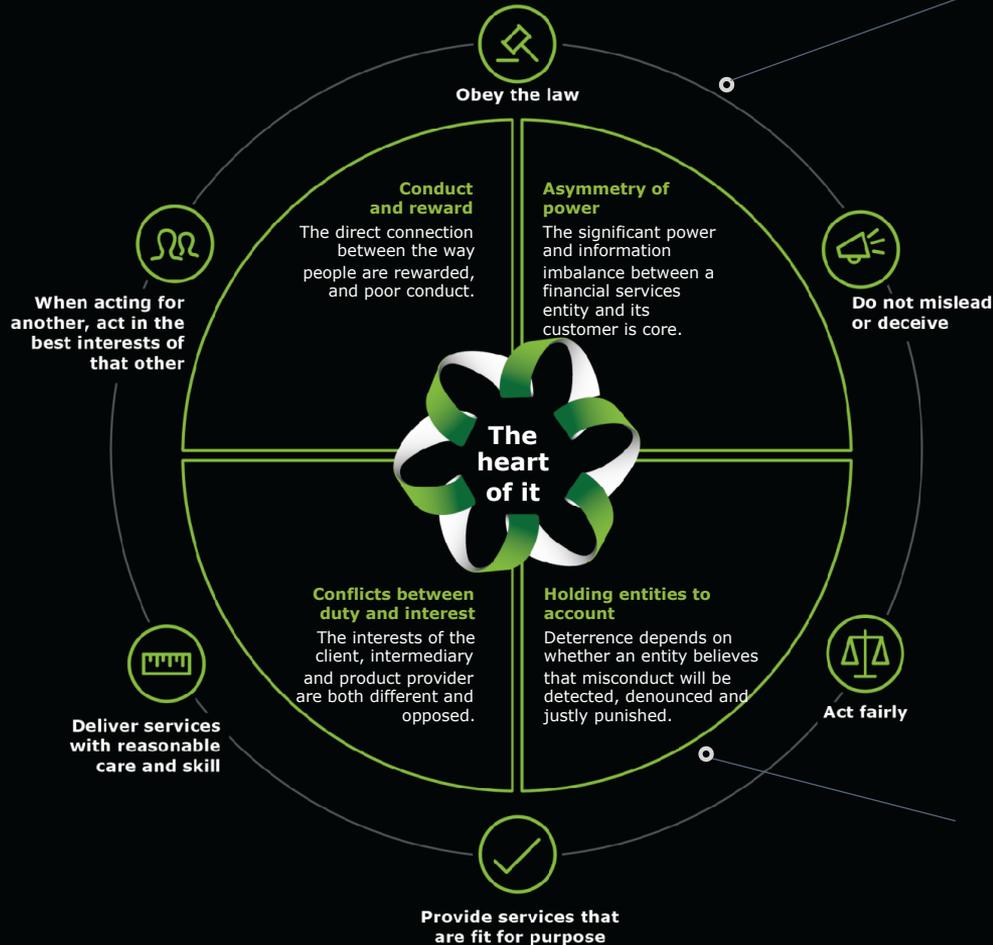


Public Interest: Regulation & Professionalism

Tan Suee Chieh, IFoA, President-elect



Institute
and Faculty
of Actuaries



Hayne's six norms of conduct

- These norms of conduct are fundamental principles that should underpin regulation and reform and conduct generally.

Hayne's four observations

- These are the four central observations about the root causes of misconduct that were shown by the Commission's work.

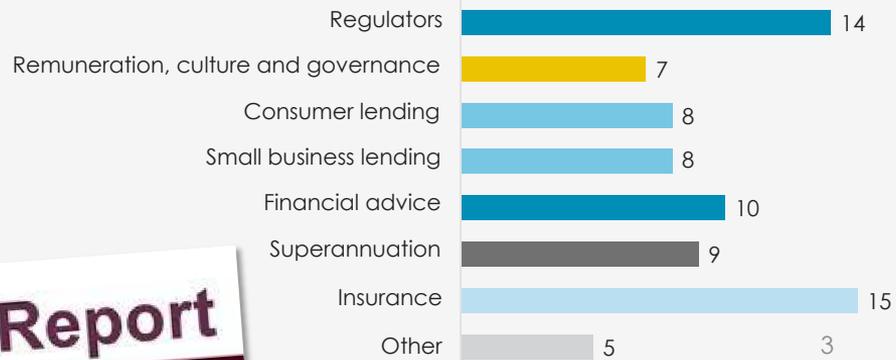
“Underwhelmed”

AT A GLANCE

Key themes:

- ▲ Simplifications of laws
- ▲ Regulator's enforcement culture
- ▲ Role of remuneration in culture and governance
- ▲ Managing conflicts of interest and non-financial risks
- ▲ Leadership and responsibility
- ▲ Power

The commissioner made 76 recommendations



Source: Gilbert & Tobin

Final Report

Royal Commission into
Misconduct in the Banking,
Superannuation and
Financial Services Industry

Main recommendations

Hayne's main recommendations:

- Mortgage brokers required to act in the best interests of the borrower
- Mortgage brokers to charge borrowers rather than lenders
- ✗ • Insurance providers required to “take reasonable care” ✗
- ✗ • Funeral insurance to be subject to financial service laws ✗
- ✗ • Cap on insurance sales commissions for car dealers ✗
- ✗ • Reduced cap on life insurance commissions ✗
- ✗ • Cold call selling of financial products banned ✗
- ✗ • Ongoing fee arrangements to be reapproved annually ✗
- ✗ • “Grandfathering” of fee arrangements to stop ✗
- Banks to no longer charge dishonour fees on basic accounts
- Banks to no longer provide overdrafts on basic accounts without consent
- National scheme for mediation of farm debt
- Industry-funded compensation scheme of last resort
- Super fund trustees not to be employees of super fund owner
- Australians to be defaulted into only one super fund, once
- ASIC to use court action as the “starting point” for considering how to take action
- External body to oversee APRA and ASIC



Photo: AAP/Eddie Jim

What does the Royal Commission mean for our actuarial profession?

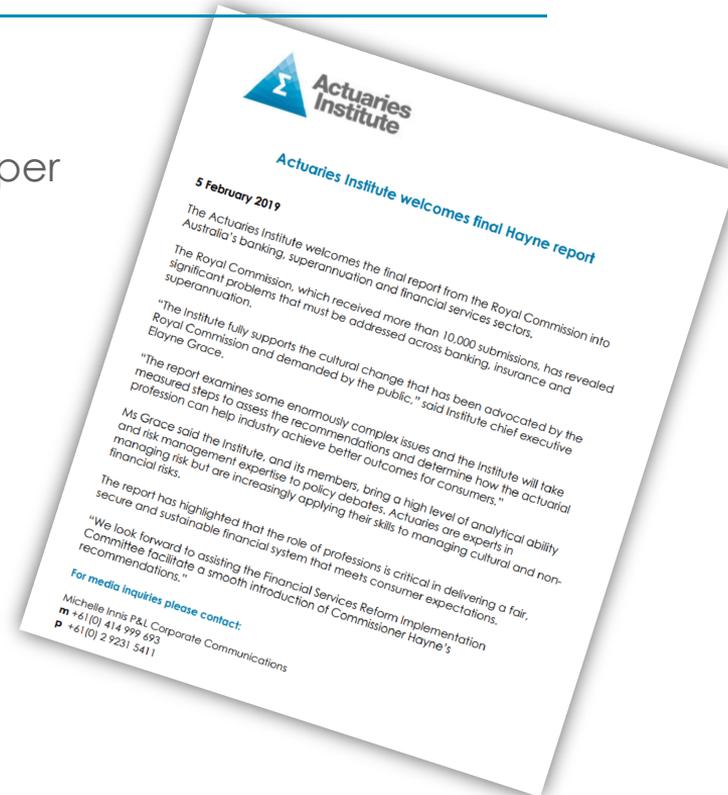


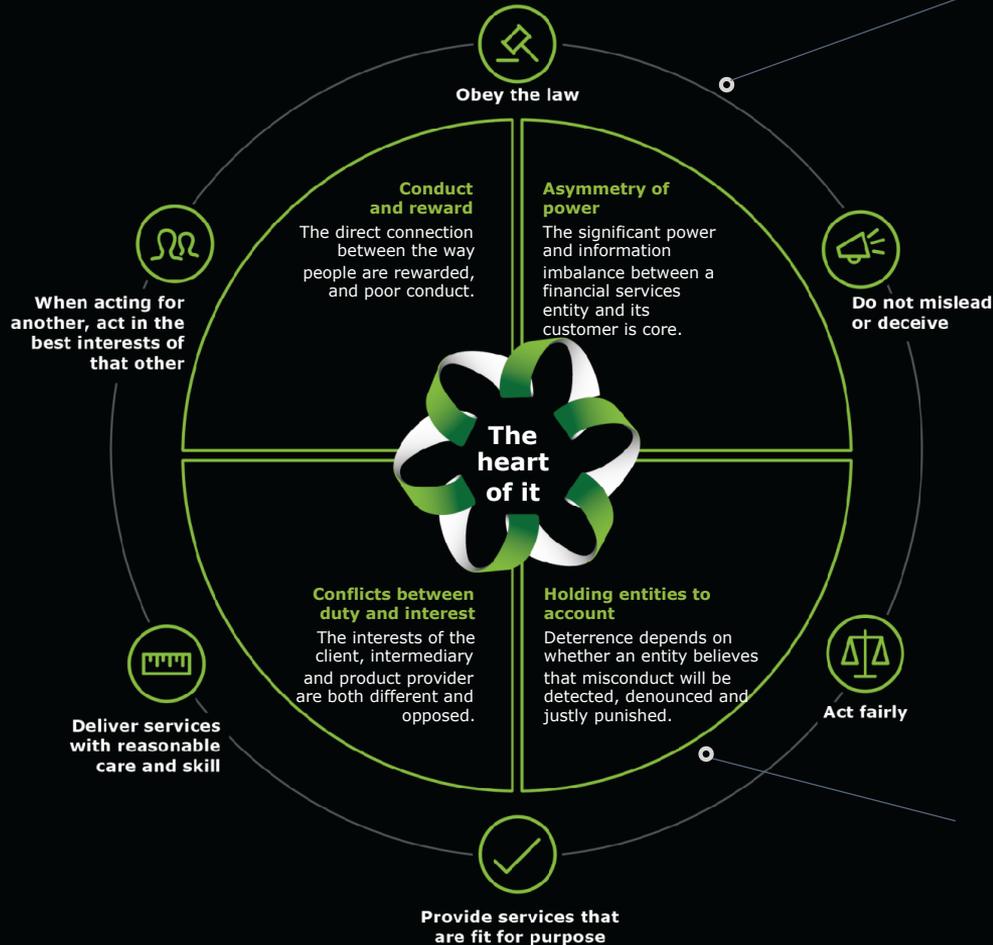
- ▲ We need to take account of community expectations in everything we do
- ▲ We cannot define our roles as pure technical experts
- ▲ We need to think about our obligations in assessing and reporting on product profitability – not only what is enough, but what is too much
- ▲ We need to take greater account of non financial risks as well as financial risks
- ▲ We need to review what information we provide to the board
- ▲ We need to understand the obligations of our various stakeholders
- ▲ We need to think about our own personal behaviors and how we contribute to an ethical culture



Actuaries Institute response to Royal Commission

- ▲ CPD Professionalism Tour
- ▲ The Social Condition Report paper (Laughlin/ Bernau)
- ▲ Review of Code of Conduct
- ▲ Role of Appointed Actuary
 - ▲ 5 new Professional Standards





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Questions



Comments

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