



Quantifying Risk, Enabling Opportunity.

Market Conduct APN

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Need for Guidance

- Legislation addressing Market Conduct issues
- Increasing Consumerism
- Possible conflicts between an actuary's ethical obligation to profession, broader public and other stakeholders

FSCA

COFI

RDR

Structure of the APN

- Applies across all practice areas
- Draws from
 - ASSA Code of Conduct
 - Draft Conduct of Financial Institutions Bill
- Factors relating to MC and TCF for new products or when giving advice to clients
- Factors relating to MC and TCF for legacy products
- Actions that ASSA members should take if they have concerns regarding these issues

Factors to consider for new products 1

- Target Market
- Value for Money
 - Early Leavers
 - People who stay for extended period
- Proportion of Premium/Contributions returned to Customer
- Proportion of Premium/Contributions paid to other stakeholders
- Performance including complaints of similar products



Factors to consider for new products 2

- Marketing including
 - Promotional material including rewards programmes
 - Advice (reasonable and fair)
 - Robo-advice
- Product Approval process
 - Has it been compromised?
 - Adequacy of process
 - All required signoffs received
- Any other factors



Factors to consider for new products 3

- Discretionary Features –
 - how will discretion be exercised
 - and governed?
- Balancing duties to
 - Public interest
 - Profession
 - Employer
 - Client
 - Ourselves



Factors to consider for Legacy products

- Familiarity with terms and conditions
- Discretionary Features –
 - how is discretion exercised
 - and documented?
- Needs of all legacy customers
- Products with more profit than expected/ current products
- Moving to new products if in customer's best interests
- Complaints

What if members have concerns

- Notify a Senior Actuary
- Submit recommendations to governing body
- Report concerns in writing
- Note concerns in minutes where appropriate



Practical examples



Further Discussions

- Does the current wording cover repricing of existing business?
- Do the value for money sections cover affordability?
- Should level of complexity be explicitly addressed?
- Should the regulator be included as a stakeholder to whom we have a duty?

