

Direct line: 020 7066 9346

Local fax: 020 7066 9728

Email: enquiries@fs-cp.org.uk

The Morris Review
Room G/37
1 Horse Guards Road
London
SW1A 2HQ

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8 February 2005

Dear Sirs

Interim Assessment – The Morris Review of the Actuarial Profession

The Financial Services Consumer Panel welcomes the December 2004 Interim Assessment, particularly the clarity of its analysis and range of options. In our response, we concentrate on the Regulation of the Profession. Whilst we agree that improved whistle-blowing is an important safeguard, it is by definition putting things right after they go wrong. It is through appropriate oversight, regulation, standard setting and governance that correct decisions and actions can be taken in the first place, and thus the consumers' interests be properly safeguarded.

The Panel tends towards "Model B" for regulation – i.e. independent oversight. As our original response made clear, we do not believe that self-regulation remains an option. The main point the Panel would wish to emphasise at this stage concerns the composition of any such oversight body. A new body – as suggested on page 60 – would include the consumer voice, which will be essential for proper functioning as well as for public confidence. The second possibility under Model B, the Financial Reporting Council, currently has no such consumer or public interest component. Indeed, it appears to draw its membership from a very narrow field. Should this option therefore attract support, it should only be on the basis of a radically restructured composition.

The Consumer Panel would not at this stage dismiss the third option, Model C, of full statutory regulation. The success of the FSA in building in a consumer viewpoint to its policy development adds confidence to its role, and brings policy making and discipline together so that the former can learn from the latter.

The Consumer Panel will judge any proposed model on the extent to which it helps to put the interests of the consumers, who ultimately fund the whole profession, at

the heart of the profession's education, recruitment, standards, governance and decision making.

Yours sincerely

A handwritten signature in cursive script that reads "Dianne Hayter".

Dianne Hayter
Vice Chairman