Institute and Faculty of Actuaries, Regulatory Board

Subject	Regulatory response to cyber risk review
Meeting date	19 November 2024
Previous Steer/Approval	**September 2022 -** approval review topic
Related horizon scan code	HS07 (AI and Data Science – new and enhanced risks)
International issues considered?	Applicable
Author	Cargill Sanderson, Regulatory Policy Manager
Reviewer	Alan Marshall, Review Actuary
Purpose	Steer

A: Introduction

1. Following the thematic review on cyber risk, the Board is asked to consider its regulatory response by **providing a steer** on a:

   - **supportive statement from the Board** (as Foreword to the report); and
   - **potential IFoA regulatory actions to further support** actuaries working in cyber risk.

2. In addition, the Board in asked to **note** the Executive's:

   - **planned activities to inform stakeholders and promote the report**; and
   - plans to share the findings of the report with **professional skills** colleagues.

3. Go to the Regulatory Toolkit for the full catalogue of regulatory actions available to the Board.

B: Supportive statement from the Board

4. The Board is asked to **provide a steer on a supportive statement** (as Foreword to the report):

   - endorsing the review's findings;
   - drawing out the conclusions; and
   - setting out actions being taken in response.

5. A draft Foreword is included at **Appendix 1**. As with previous reports, the Executive will circulate a redrafted Foreword based on the Board's discussion, for approval in correspondence.

C: Potential IFoA regulatory actions

Standards and guidance

6. Cyber risk is a ubiquitous and high-profile concern globally. However, as demonstrated by the recent IFoA thematic review, the role of actuaries in this area is limited compared to the role of other professional and experts. For this reason, it would not be proportionate for the IFoA to introduce a cyber risk standard or non-mandatory guidance at this time.

7. A number of pieces of non-mandatory guidance are currently due for review, in association with the on-going review of Actuarial Profession Standards. The Executive propose that, along with other cross-cutting area of concern, (such as climate change and sustainability, and data science

and AI), cyber risk be considered when case studies are being compiled to consider if relevant consideration can be given in existing guidance.

8. The relevance of cyber risk in the work of actuaries may change over time, and the need for additional materials may be kept under review by the Board as part of its horizon scanning activities.

Risk Alert

9. To communicate both the importance the Board places on this high profile and high impact risk, and to support those members who are working in this area, it may be appropriate to issue a Risk Alert in relation to cyber risk. With the Board's support, the Executive would engage with relevant IFoA practice boards and working parties, to assess the merits of a Risk Alert and appropriate content.

Professional skills

10. As with all thematic review, the findings of the report will be shared with Executive colleagues creating the professional skills training materials provided for IFoA members. The Board is asked to provide a steer as to any particular materials it would like to see as a result of the cyber risk thematic review report.

D: Planned activities to inform stakeholders and promote the report

11. The Executive will ensure members and other key stakeholders (including the FRC) are kept informed of the report publication and findings. This will include sharing the report and findings with the relevant practice boards, and the IFoA's education and life-long learning teams to support those groups in the on-going development of offerings to members. An extract from the Executive's communications plan, identifying key stakeholders, is included at **Appendix 2**. Relevant coregulators will be updated as part of the on-going series of bilateral meetings.

12. The Executive will arrange the publication and promotion of the report. The report will be promoted through appropriate channels by arrangement with the IFoA's Marketing and Promotions team and a follow-up webinar is scheduled for 28 January 2025.

E: Conclusions

13. The Board is asked to **provide a steer** on a support statement as Foreword to the report; **provide a steer** on a potential risk alert; **note** plans to communicate and distribute the report, as well as plans to share the findings with professional skills colleagues.

F: Appendices

Appendix 1, Draft Foreword
Appendix 2, Communication plan extract