



The Actuarial Profession

making financial sense of the future

CERTIFICATE FOR LIFE ACTUARIES – CRITERIA (March 2008)

1. Councils require all Fellows of the Faculty and the Institute who hold the position of Actuarial Function Holder, With-Profits Actuary, Reviewing Actuary or Peer Reviewer to possess a Life Actuary Certificate (including with-profits), if the liabilities of the company or society for which they act includes with-profits business, or a Life Actuary Certificate (not including with-profits) issued by the Faculty or the Institute.

2. The requirements for obtaining a Certificate are:

2.1 Fellow of the Faculty or of the Institute.

Any Fellow who qualified from and including the 2005 examinations will require to have passed the relevant UK practice module unless they are exempt by having completed the relevant 400 series examination previously.

2.2 Having appropriate practical experience that the Councils would normally consider acceptable is as follows:

A member who can demonstrate having worked as a Fellow in the last five years

- (a) full or part time for at least 3 out of the last 5 years, and
- (b) at least 1.5 full time equivalent years in the last 3 years,

in both cases dealing with most of the undernoted types of work at a level where he/she has worked closely with or reviewed an existing statutory actuarial role holder or an actuary at an equivalent level. Where condition (a) is not satisfied on a full time basis, a member must also demonstrate:

- full relevant CPD without averaging, and
- attendance at one of the Profession's CILA seminars (or a seminar with equivalent standing and content – detailed evidence relating to content will be required) within the preceding 12 months.

Relevant types of work are:

- analysing the factors affecting the risks undertaken by a long term business insurer
- advising on the appropriate pricing basis for long-term insurance contracts, including options
- determining the requirements for capital and a fair return on the capital employed
- determining the appropriate bases for valuing the assets and liabilities
- determining appropriate reinsurance arrangements

- analysing the asset liability matching requirements and advising on investment strategy

and in relation to with-profits business:

- analysing appropriate ways of determining bonus distribution policy and of achieving equity between different groups of with-profits policyholders
- determining with-profits bonus earning capacity
- determining bases for calculating surrender values and the terms for other policy alterations

For a Life Actuary Certificate (including with-profits), experience of work relating to with-profits business must be demonstrated.

Alternatives to the above types of work would be taken into account if their relevance is explicitly justified.

Actuaries are reminded of the requirements of the Professional Conduct Standards, and in particular section 3 thereof which states

- "3.1 In formulating advice, a *member* must pay proper regard to any relevant professional guidance or other guidance and, subject to that guidance, is expected to exercise best judgement.
- 3.2 Many assignments offered to *members* require considerable knowledge and experience for proper completion. Requisite knowledge includes methodology, relevant legislation and local conditions. *Members* must not give advice, unless:
- satisfied of personal competence in the relevant matters, **or**
 - acting in co-operation with, or with the guidance of, someone (not necessarily a *member*) with the requisite competence.
- 3.3 Notwithstanding paragraph 3.2, a *member* may provide advice if the circumstances are such that, having regard to all the relevant factors, it would be contrary to the client's interests to decline to do so. However, the *member* must make clear to the recipient that, in the absence of the constraining circumstances, the *member* would have recommended referring the matter to someone with the relevant knowledge and experience.
- 3.4 A *member* must consider the extent to which it is appropriate to carry out investigations to assess whether data is sufficiently accurate and complete for the purpose for which it is being used. The advice should normally include an explanation or qualification if the *member* has any reservations about the data.
- 3.5 Advice should normally include sufficient information and discussion about each relevant factor and about the results of the *member's* investigations to enable the intended recipient of the advice to judge both the appropriateness of the recommendations and the implications of accepting them, including, where the advice relates to an insurance company, a Lloyd's syndicate, a friendly society or a retirement benefit arrangement, the implications for the policyholders of the insurance company or syndicate, the *members* of the friendly society or the beneficiaries of the retirement benefit arrangement, as the case may be.
- 3.6 Where a *member* provides reserved advice, the *member* must ensure that the client is aware of:
- the name and qualifications of the *member* providing the advice,

- the name of the *member's* firm
 - the scope, purpose and terms of reference of the advice provided by the *member*. If the *member* has cause to believe that a third party will have access to reserved advice provided in written form, the information listed above and the client's name must both be contained within that advice.
- 3.7 A *member* giving advice which is formulated in the interests of a particular client must ensure that:
- the client is aware that the advice is of no broader applicability than intended by the *member*, and
 - the advice is not presented as if it were necessarily the advice that would be given to another client or to a third party whose objectives and requirements may be different."
- 2.3 Up-to-date Continuing Professional Development (CPD) with two-thirds of the formal requirement of fifteen hours, i.e. ten hours, of verifiable activities to be on subjects technically relevant to the role of Life Actuary. Normally not less than five of the ten hours of technically relevant study should relate to verifiable activities that are not attended only or mainly by members of the same firm.. These requirements should normally be fulfilled each year, but in exceptional circumstances, which must be cleared with the Membership & Certificates Team in advance, averaging over a period of up to three years is possible as long as reasonable justification is given.
- 2.4 Attendance at a Professionalism Course (for recent qualifiers) and thereafter at least once in every 10 years. Actuaries who are in category 1 and have not attended an event in the last ten years are encouraged to do so as soon as possible.
- 2.5 Any adverse finding by a Panel under the disciplinary schemes of the Faculty or Institute will be taken into account. The Practising Certificates Committee must, in the circumstances of the case and other information available, be satisfied that the actuary is a suitable person to hold a certificate.
- 2.6 Appropriate person (similar to the 'fit and proper' requirement of insurance company directors).
- 3 Further details are given in Faculty Rules 44 - 53 inclusive, Faculty Bye-laws 2 - 26 and Institute Bye-laws 75 - 79 inclusive.
- 4 The certificates are valid for one year and are not usually company specific.
- 5 Enquiries regarding certificates should be addressed to:
practising.certs@actuaries.org.uk