

The Actuarial Profession

making financial sense of the future

Peer Review and Practising Certificates

Mike Shelley

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Practising Certificates

“When the proposed new FSA rules come into effect, the requirement to obtain a practising certificate will be extended to

- the With Profit Actuary
- the Actuary advising the Auditor
- the Head of Actuarial Function
- the Compliance Reviewing Actuary”

**Life Board – Dec 2003**

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Practising Certificates

“A certificate will be restricted to companies and directive friendly societies not writing with profit business unless

- the applicant demonstrates the required knowledge and experience of with profit business, or
- the applicant is currently appointed actuary to a with profit office”

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## Practising Certificates

“The criteria for obtaining a certificate will be otherwise unchanged”

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## Practising Certificates

“When the new FSA rules come into effect, members not holding one of the new statutory actuarial roles will nevertheless be able to apply for a practising certificate entitling them to act in such a role”

**Life Board – November 2003**

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## 2004 process

### **Current holders of an appointed actuary certificate**

will receive a life actuary certificate to apply from October, renewable when the appointed actuary certificate would have expired

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2004 process

**New applicants for an appointed actuary certificate**

will not be asked to name their office

will need to demonstrate with profit experience if wanting a with profit certificate

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2004 process

**New applicants for a life actuary certificate**

will not be asked to name their office

will need to demonstrate with profit experience if wanting a with profit certificate

will receive a certificate renewable in October 2005

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**Practising Certificates**

“The criteria for obtaining a certificate will be otherwise unchanged”

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## Appropriate practical experience

The equivalent of three years' full time experience as a Fellow in the last ten years dealing with most of the following types of work at a level where he/she has worked closely with an existing Appointed Actuary or an actuary at an equivalent level

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## Appropriate practical experience

- analysing risks
- advising on pricing basis
- determining capital requirements
- determining surrender values
- determining bases for valuing the assets and liabilities
- determining reinsurance arrangements
- asset liability matching and investment strategy
- the setting up a new life assurance company
- determining financial strength
- determining bonus distribution policy
- determining bonus earning capacity

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## Practising Certificates

### Issues to be resolved

Should the Reporting Actuary be required to hold a certificate?

Should the criteria for obtaining a certificate be amended?

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## Peer Review

"FIMC has given the various practice boards the task of introducing peer review in their own areas.

The Life Board's plans for peer review are being modified in the light of changes to the Appointed Actuary system for life assurance"

**Presidents – 3 Feb 2004**

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## Peer Review

"The Actuarial Profession will require that all advice which Directors will be required to take from the new actuarial roles under the proposed FSA rules is to be subject to external actuarial compliance review"

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## Peer Review

"Compliance review will look not only at the processes followed by the relevant roles, but also at the outcome, for example the advice made on the exercise of discretion by the With Profit Actuary"

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## Peer Review

### Signoff

The advice given by the Actuary advising the Auditor is defined by Paragraph 6 of Part III of Appendix 9.6 to IPRU(INS)

For the other work requiring review, an opinion on whether the duties reviewed have been performed in accordance with FSA rules and Actuarial professional guidance would be contained in a report addressed to the actuary being reviewed

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## Peer Review

### Issues to be resolved

Guidance to be given on the scope of a peer review.

Is an opinion on whether the duties reviewed have been performed in accordance with FSA rules and Actuarial professional guidance adequate?

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