



Institute  
and Faculty  
of Actuaries

# Guidance on application of the Generic Criteria

2017/2018

## Guidance on application of the Generic Criteria

The Generic Criteria are set out in section 2.2 and Annex B of the [PC Scheme](#). The following guidance outlines how the PCC will apply the Generic Criteria for applications made at the date this guidance is current and is designed to assist applicants in making full and complete applications in a timely manner. Applicants are requested to read this and the related Guidance on the Technical Experience Criteria carefully before making an application.

The transition arrangements for Chief Actuary certificates are set out in the Chief Actuary Transition Arrangements document. They are discussed further below:

Using the numbering in Annex B of the Generic Criteria:-

### 1. Fellowship

#### A. *General*

Details of the IFoA Mutual Recognition Agreements with other actuarial bodies can be obtained on the IFoA [website](#).

#### B. *Chief Actuary PC transition arrangement*

For Chief Actuary PCs only, as a transitional arrangement, an applicant who is an Associate, or is a Fellow with less than three years' post qualification experience, may nonetheless apply for a PC (initial or renewal, as appropriate) between 1 July 2015 and 31 December 2018. Providing the applicant meets all the other requirements to hold a PC, a PC will be awarded through the PCC's discretionary powers. In particular, attention is drawn to two specific points

- a) Although the applicant does not have three years' post qualification experience, the applicant is expected to be, and have been for at least three years, operating at the level expected of a Fellow as demonstrated in accordance with paragraphs 7B below; and
- b) Such relevant experience will be counted as post qualification experience during the transition period.

The transition arrangement ceases on 1 January 2019.

- i. All initial applicants for a Chief Actuary PC from 1 January 2019 must be Fellows with at least three years' post qualification experience requirement as set out in Generic Criterion 7.
- ii. Renewal applications from those Chief Actuary PC holders who are Fellows as at 31 December 2018 but have less than 3 years' post qualification experience at that date (that is, they qualified during the transitional period ending on 31 December 2018), will continue to count their relevant experience operating at the level expected of a Fellow prior to becoming a Fellow towards the three year post qualification experience requirement. This will continue until the PC holder has met the three years' post qualification experience requirement in their own right.
- iii. Further, the term of any existing Chief Actuary PCs will automatically cease on 1 January 2019 where the PC holder has not achieved Fellowship status by that date.

### 2. Examinations

Details of the UK Practice Module examinations can be obtained on the IFoA [website](#).

### 3. [Actuaries' Code](#) and the [Charter, Bye-Laws, Rules and Regulations](#) of the IFoA.

#### 4. Attestation from an existing PC holder in support of an initial applicant

##### A. *General*

The attestation is in a prescribed form and is included as page 5 of the application form for an initial application. It must be completed by a PC holder with the same type of PC as the applicant is applying for<sup>1</sup>. The attester may not report to the applicant.

The attestation is an important part of the overall application process and the role of the PC holder making the attestation (the attester) is an important one. The attester does so in a personal capacity. The attester is reminded that their conduct in providing the attestation is covered by the Actuaries' Code and the Disciplinary Scheme. It is recommended that the attester study the technical experience criteria before signing the attestation.

The attester does not have to work on a day-to-day basis with the applicant, nor is the attester accepting responsibility for that applicant's work going forward. Rather the IFoA requires that the attester is satisfied, or has taken reasonable steps to satisfy themselves that, the applicant meets each of the requirements set out in the attestation. In particular, the attester may want to ask the applicant to demonstrate to the attester that the applicant meets the recent and relevant technical experience criteria in respect of work reserved for a reserved role holder to which the PC relates, and to speak with others who know the applicant.

If the attester wishes to bring specific points to the attention of the PCC, the attester may do so in the space provided on the attestation form. If the attester believes that the requirements are predominantly met except in a specific and limited respect, then the attester should state this in the space provided on the attestation form against the particular requirement. The PCC may consider this additional information in deciding whether discretion should be exercised.

A PC holder who is asked to make an attestation is recommended to keep a record or audit trail which evidences the reasoning they employed in making that attestation. This is because the PCC may contact the attester to discuss the basis of their attestation and, although the attester is not responsible for the future actions of the applicant they 'sponsored', a PC holder considered to have made attestations in a reckless fashion may be referred under the Disciplinary Scheme.

The attestation does not need to be remade on renewal of a PC. However see 4C below if you are a former PC holder who let that PC lapse and now wishes to apply for a new PC.

##### B. *Additional considerations for initial applications for Chief Actuary PCs*

The attester must not at the date of the application, be, or have otherwise committed to become, the CEO or CFO of the entity to which the applicant will be the Chief Actuary.

##### C. *Applicants who let a previous PC lapse*

A renewal applicant who wishes to renew their PC concurrent with the date of expiry of their current PC must do so by the due renewal date. If they do not, even by one day, the current PC expires and the member will not be able to act as a reserved role holder until a new PC is granted. In particular, a Scheme Actuary must under APS P1 resign their appointments.

If a former PC holder who did not renew their PC at the date their previous PC expired subsequently wishes to apply for a new PC then that application should be made using the renewal application form for the relevant Practice Area provided the application is made (with all

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<sup>1</sup> A WPA certificate holder may certify an application for a WPA certificate. An AFH/RA or a Chief Actuary (Life) certificate holder may certify an application for an AFH/RA certificate. A Chief Actuary (Life), an AFH/RA or a WPA PC holder can attest to a Chief Actuary (Life) PC.

Either a Chief Actuary (non-Life without Lloyd's) PC holder or a Chief Actuary (non-Life with Lloyd's) PC holder may attest to an initial Chief Actuary (non-Life without Lloyd's) PC or a Chief Actuary (non-Life with Lloyd's) PC.

relevant information provided and complete) within 18 months of the date of expiry of the previous PC. In particular, the applicant will not be required to obtain the attestation from an existing PC holder (page 5 of the initial applicant application form).

Former PC holders who make an application to hold a PC 18 months or more after the date their prior PC expired must do so using the initial application form including obtaining an attestation from an existing PC holder.

#### 5. Declarations and attestations

In addition to the applicant demonstrating that they meet the technical experience and other criteria set down by the Institute and Faculty of Actuaries' to be awarded a PC, applicants are also required to answer a number of questions and make a number of attestations focussed on assessing if the applicant is fit and proper to hold a PC and potentially therefore to carry out work reserved to a reserved role holder. The questions and attestations are the same across the practice areas and are set out in the application form. This includes making an attestation of compliance with APS X2.

The applicant must disclose any and all matters applicable to these questions and attestations. If the applicant is unsure whether to disclose something, they are advised to err on the side of transparency and disclose it.

Although offences under the Road Traffic Acts are not required to be disclosed under the PC Scheme, members are referred to the Disciplinary Scheme should those offences need to be reported under that Scheme.

#### 6. Time and resources to carry out expected work as a reserved role holder in the next 12 months

A PC is necessary before a PC holder can carry out work reserved to a reserved role holder. However, having a PC does not necessarily mean that the PC holder will carry out such work over the year the PC is valid for.

All applicants are required to make a declaration (page 4 of the application form) that they have the necessary time and resources to carry out work reserved to a PC holder that they expect to do over the 12 months that the PC covers. This declaration demonstrates that the applicant has reflected on their work commitments, as they stand at the date of the application, as and against the time and resources which they have at their disposal to carry out work in the reserved role and plan accordingly.

#### 7. Recent and relevant experience

For PCs other than Chief Actuary PCs, the applicant must demonstrate to the PCC that the required breadth and depth of technical experience has been gained recently i.e. during a period of

- at least 3 in the last 4 years, and
- at least 3 months in the last 18 months.

For Chief Actuary PCs only, the applicant must demonstrate to the PCC

- breadth of a of the stated technical areas during a period not exceeding the last 10 years; and
- depth of a number of the technical areas during a period of
  - at least 3 in the last 4 years, and

- at least 3 months in the last 18 months.

The required technical experience is set out in point 8 below.

#### A. *Recent experience*

*At least 3 in the last 4 years, and at least 3 months in the last 18 months*

It is not necessary for the applicant to have gained their technical experience in each and every year (or part year) of the 3 year period, just that the applicant has demonstrated appropriate experience of relevant work during a period of at least 3 years (not necessarily consecutive) in the last 4 years, and during a period of at least 3 months (not necessarily consecutive) in the last 18.

#### *Breadth of relevant experience for Chief Actuary PCs*

For Chief Actuary PCs, the applicant must demonstrate to the PCC breadth of all, or almost all, of the stated technical areas during a period not exceeding the last 10 years.

That is, an applicant may demonstrate sufficient experience during a period of less than 10 years. Nor must an applicant demonstrate sufficient experience in each and every year in the last 10 years.

#### *General*

The PCC will not have regard to whether the applicant has worked part-time vs full-time in the area concerned, nor whether the applicant has worked part of their time in relevant work to which the technical experience criteria relate and part of their time on other activities. The PCC will look at the applicant's experience in terms of what relevant work type activities they have done or supported, not how many hours they actually worked in doing or supporting those activities.

If the applicant has been on a career break, including maternity or paternity leave, the applicant is still required to demonstrate having gained the required experience of relevant work during a period of at least 3 years in the last 4 and during at least 3 months in the 18 months to the date of application for a certificate<sup>2</sup>. This is, in part, to demonstrate that the applicant is familiar with the latest developments in the field. If the applicant cannot demonstrate relevant technical experience during a period of at least 3 of the last 18 months, the applicant will likely be asked to resubmit their application when they have gained such relevant technical experience. This could, for example, be up to 3 months later if the applicant focuses the work they do over that time on relevant work type activities.

#### B. *Relevant experience*

As well as being recent, the technical experience gained by the applicant also needs to have been gained providing actuarial advice at an appropriately senior level.

For PC holders in reserved roles, this should be straightforward in relation to the work reserved to a reserved role holder given the nature of such work.

For technical experience gained by

- initial applicants,
- members who hold a PC but do not hold any reserved roles, and
- members who are reserved role holders and are also providing support to other reserved role holders<sup>3</sup>

the PCC require the applicant to demonstrate that such technical experience meets the criteria in i) plus either ii) and/or iii) below.

<sup>2</sup> This applies also to the "during 10 years" breadth of experience requirement for Chief Actuary PCs"

<sup>3</sup> For example, a PC holder who is appointed as Scheme Actuary to one or more pension schemes may also support other actuaries or scheme actuaries on other pension schemes. An insurance consultant may act as Reviewing Actuary for one line of business of one insurer but may also support the Chief Actuary of another insurance company. A Lloyd's PC holder may sign opinions for one Syndicate and provide critical review of the work of the signing actuary for another Syndicate.

- i) The technical experience gained should demonstrate that the applicant has applied their knowledge to
- analyse complex problems in terms of actuarial, economic and financial factors,
  - integrate the results of such an analysis into a coherent whole,
  - evaluate critically and interpret the results in a wider context,
  - draw appropriate conclusions,
  - make appropriate recommendations, and
  - draft and deliver that advice to the user.

*The PCC require applicants to demonstrate the utility of the advice given i.e. not just a calculation process but that the actuary has formed conclusions around those calculations, the sensitivity of those calculations to changes in assumptions, and communicated and discussed recommendations to the user on the back of those calculations. The underlying objective may be compliance, risk management and/or economic in nature.*

- ii) The applicant should either
- a. be responsible to the user for the work underlying the specific technical experience, or
  - b. to have worked closely with the reserved role holder who was responsible. This may include preparing and drafting advice and recommendations.

*The PCC require the applicant to express the seniority of the level of work that the applicant has done, specifically whether the applicant has*

- *been personally responsible to the user for the advice, or*
- *has substantially developed (prepared, drafted etc.) that advice to be signed off by another actuary.*

*The PCC will also be looking for the applicant to demonstrate that they have delivered or participated substantially in the delivery of that advice to the user including situations where the advice has been challenged and defended.*

*In particular, for Chief Actuary PC applications where paragraph 1B above applies, attention is drawn to the requirement in sub clause a) thereof.*

- iii) For all applicants, the PCC may also have regard to technical experience gained through
- prior to the introduction of APS X2, peer review work, or
  - since the introduction of APS X2, work review or independent review where that work involved critical appraisal of the work of the first actuary.

*Review work can support in part an application by expanding the breadth/variety of work an applicant may have had experience of. Where an applicant has undertaken review work they should be clear on the scope and deliverables of that work in the application form to enable the PCC to consider if the work is suitable to be deemed relevant technical experience.*

## 8. Technical experience criteria

The technical experience criteria by Practice Area, and Guidance from the PCC as to how the PCC will apply the technical experience criteria, and where the PCC may have discretion around the criteria, are set out [here](#).

9. Validation of information presented with the application

The IFoA reserves the right to investigate and validate at any time information presented in an application, including

- i. conducting a criminal record check (all initial applications and renewals every 5 years), or
- ii. confirmation that the applicant has met the PRA's or FCA's fit and proper process.

Additionally the IFoA reserves the right to investigate and validate CPD claimed (all applications each year).

The PCC may need to contact the applicant, or, for an initial application, the PC holder who attested to the application in question, to discuss their application including clarifying the information presented or to request additional information.

If, after discussion with the applicant and/or attester, the PCC has reason to doubt the accuracy of information presented with an application, the PCC may refer the matter to the Disciplinary Scheme (see section 3.9 of the PC Scheme).

10. CPD and Professional Skills Training Requirements

The IFoA will check that all applicants (initial and renewal) have met the Category 1 CPD requirements, including the Professional Skills Training Requirements, at the date of application.

The PCC may waive this requirement in exceptional circumstances where it is considered, in the PCC's sole discretion, that the public interest is not served by the refusal of the applicant's PC.

11. Fit and Proper

In considering whether an applicant is fit and proper to hold a PC, the PCC will take into account any Disciplinary Tribunal finding, court or regulatory authority judgment or finding against the applicant.

In so doing, the PCC recognise that its role is not to 'punish' but to make appropriate judgements whether an applicant is fit and proper to hold a PC. In particular:

- Unless specifically provided for in the PC Scheme, the PCC cannot take away an existing PC: that power is vested in the Disciplinary Scheme;
- Further, if the Disciplinary Scheme determines that a PC is suspended for a period of time, or that a Fellow may not apply or reapply for a PC for a period of time, the PCC will comply with that finding.

However, the PCC may otherwise not renew or grant a PC if it considers that this protects the PC Scheme in furtherance of the public interest.

If an applicant does not accept the PCC's decision on fit and proper, or indeed on any other aspect of the application, such as whether the applicant meets the technical experience criteria, the applicant may take the matter to [appeal](#) (see section 5 of the PC Scheme).

12. Experience and knowledge to carry out a reserved role

PC holders are reminded of the requirements of the Actuaries' Code. In particular that a PC holder must ensure they have an appropriate level of relevant knowledge and skills to carry out a

particular reserved role with competence and care and if, for whatever reason, they do not, that they take the necessary steps to obtain that level of relevant knowledge and skills.

13. Duration of the Practising Certificate

Any PC lasts for a fixed period of 12 months from the date it is granted<sup>4</sup>. Extensions are not permitted; rather the actuary would apply for a renewal certificate in advance of the date the current certificate expires.

For practical reasons associated with the work cycle of actuaries signing Actuarial Opinions for a Lloyd's syndicate, a **Lloyd's PC** applies to year-end opinions due within one year of the date of issue of the PC. Applicants for a PC to provide an Actuarial Opinion for a Lloyd's Syndicate must make their application to the PCC on or by

- i) 25 October for a renewal application, and
- ii) 14 October for an initial application.

As noted in clause 4.5 of the PC Scheme, applications made after the 25 October will carry a penalty surcharge of 25% of the current fee.

If an application is received after 15 November of the calendar year-end to which the opinion relates it would not normally be accepted unless the PCC considers in its sole discretion that the application arises for reason of an unexpected emergency.

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<sup>4</sup> A certificate may be removed at any time under the Disciplinary Scheme. Additionally a Chief Actuary PC will be removed under paragraph 6.4 of the Transition Arrangements for Chief Actuary Certificate Applications document.