



Institute  
and Faculty  
of Actuaries

# Practising Certificates Scheme 2017/2018

## REQUIREMENTS OF THE PRACTISING CERTIFICATES SCHEME FROM 1 September 2017 (the 'PC Scheme')

### 1 Introduction

#### 1.1 Actuaries who hold the following 'reserved roles' must also hold a Practising Certificate (PC):

- The Scheme Actuary to a pension scheme;
- The Chief Actuary with accountability for the actuarial function under Article 48 of the Directive on Solvency II
- A Small Insurer Chief Actuary, Reviewing Actuary or Appropriate Actuary to a life insurance business;
- A With-Profits Actuary to a life insurance business; and
- The actuary providing an Actuarial Opinion for a Lloyd's Syndicate.

The reserved roles in the pensions and life insurance sectors are statutory in nature and the requirement to hold a PC is set by the Institute and Faculty of Actuaries. For Lloyd's Statements of Actuarial Opinion, the requirement to hold a PC is set by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority<sup>1</sup>.

#### 1.2 PCs demonstrate that the actuary who holds them is fit and proper and has the necessary skills and experience to be a PC holder and potentially to carry out reserved work, thereby protecting the public interest.

#### 1.3 The Actuaries' Code requires that members ensure they have 'an appropriate level of relevant knowledge and skill' to perform their professional duties competently and with care.

#### 1.4 A public register of PC holders is maintained by the Institute and Faculty of Actuaries.

#### 1.5 Regulation Board has delegated authority from Council of the Institute and Faculty of Actuaries to ensure the effective regulation of the Institute and Faculty of Actuaries' members. PCs are issued by the Practising Certificates Committee (PCC) under delegated powers and authorities from Regulation Board. The PC Scheme is subject to regular review to ensure it remains proportionate and fit for purpose. Details on the governance of the PC Scheme are set out in Annex A.

#### 1.6 This document is effective for all certificates issued on or after 1 September 2017.

Associated transition arrangements for Chief Actuary certificates are set out in [Transition Arrangements for Chief Actuary Certificate applications](#) document.

### 2. Criteria to be awarded a PC

#### 2.1 To be awarded a PC, the PCC must be satisfied that the applicant

- i) is fit and proper to hold a PC, and
- ii) meets the Generic Criteria and Technical Experience Criteria set down by the Institute and Faculty of Actuaries in force at the date of the certificate.

The Generic Criteria take the same form across each practice area.

The Technical Experience Criteria are specific to each practice area.

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<sup>1</sup> PRA and FCA Handbook SUP 4

## 2.2 Generic Criteria

The Generic Criteria are defined by Regulation Board and are set out in Annex B.

- 2.3 The PCC has issued and will update from time to time guidance available through the Institute and Faculty of Actuaries' website on the application of the Generic Criteria to aid applicants in making their applications to ensure an efficient and effective PC Scheme.

## 2.4 Technical Experience Criteria

The Technical Experience Criteria are set by the relevant Boards in consultation with the PCC to reflect expectations of a reserved role holder doing reserved work. They will be updated from time to time.

The Technical Experience Criteria are set out on the Institute and Faculty of Actuaries' website for a:

- Scheme Actuary Certificate
- Chief Actuary (Life), Chief Actuary (non-Life without Lloyd's) and Chief Actuary (non-Life with Lloyd's) Certificate<sup>2</sup>
- Chief Actuary (Life, Non-Directive) Certificate<sup>3</sup>
- With Profits Actuary Certificate (WPA Certificate)
- Lloyd's Syndicate Actuary Certificate

Where an applicant does not meet the full technical criteria to be awarded a PC, the PCC may grant a certificate subject to clearly defined restrictions.

- 2.5 The PCC have issued and will update from time to time guidance through the Institute and Faculty of Actuaries' website on the application of the Technical Experience Criteria to aid applicants in making their applications to ensure an efficient and effective PC Scheme.

## 2.6 Transition arrangements for existing AFH/RA Certificate holders

Existing AFH/RA Certificate holders do not need to apply for a Chief Actuary (Life) or Chief Actuary (Life, Non-Directive) Certificate straightaway: an existing AFH/RA certificate is sufficient to act as a Small Insurer Chief Actuary, Reviewing Actuary or Appropriate Actuary until the next renewal is due.

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<sup>2</sup> Subject to section 2.1 of the Chief Actuary Transition Arrangement document, the Chief Actuary for a life insurance company/business will need to obtain a Chief Actuary (Life) Certificate.

A Chief Actuary for a non-life insurer/business that does not conduct Lloyd's business will need to obtain either a Chief Actuary (non-Life without Lloyd's) Certificate or Chief Actuary (non-Life with Lloyd's) Certificate.

A Chief Actuary for a non-life insurer/business that conducts Lloyd's business will need to obtain a Chief Actuary (non-Life with Lloyd's) Certificate.

If an insurer/business conducts a combination of Life, non-Life or non-Life with Lloyd's business then more than one Certificate will need to be obtained. However, where an organisation has a Life focus for their business but may write a very small amount of Non-Life business, or vice versa, it may be considered to be disproportionate to require the Chief Actuary in such an organisation to hold both Chief Actuary (Life) and Chief Actuary (Non-Life) Certificates. Exceptionally, the PCC may use discretion to award one Practising Certificate to cover all of the Chief Actuary's business in such circumstances.

<sup>3</sup> The Chief Actuary to a large non-directive insurer will need to obtain either a Chief Actuary (Life) Certificate or Chief Actuary (Life, Non-Directive) Certificate

The Small Insurer Chief Actuary will need to obtain either a Chief Actuary (Life) Certificate or Chief Actuary (Life, Non-Directive) Certificate

The Appropriate Actuary will need to obtain a Chief Actuary (Life, Non-Directive) Certificate

The Reviewing Actuary of a Solvency II Firm must hold a Chief Actuary (Life) Certificate and the Reviewing Actuary of any other firm must hold either a Chief Actuary (Life) Certificate or a Chief Actuary (Life, Non-Directive) Certificate.

### 3. Validation and Verification of Data

3.1 The PCC assisted by the Institute and Faculty of Actuaries' Membership Team will seek to validate information presented with an application. In particular

- that the applicant has met the category 1 CPD requirements
- that the applicant has met the Professional Skills Training requirements
- that their experience meets the eligibility criteria
- a criminal record check will be made at the date of application for initial applicants and for all renewal applications every 5 years, or, where an applicant declares they have met the PRA or FCA fit and proper requirements, evidence that they have done so.

For initial applications, the PCC may contact the PC holder who signs the attestation included with the application form. The role of the attester is an important one. Attesters should retain evidence to support the basis of their attestation.

3.2 The Institute and Faculty of Actuaries reserve the right to carry out further validation checks on a sample basis.

### 3.3 CPD

Clause 3.2 of the CPD Scheme states that "The Category 1 CPD year runs for one full year from the relevant date." where the relevant date is "either, the date of the member's application for a PC, whether an initial or renewal application; or selected by the member in accordance with the provisions of the PC Scheme." To be eligible to apply for an initial PC, you must comply with the category 1 requirements in place at the time of application.

3.4 For the purposes of Clause 3.2, compliance with category 1 CPD may be measured as follows.

Initial Applications	Measured over the year to the date the application for a PC is made
Renewal Applications	<p>Either</p> <ul style="list-style-type: none"><li>• measured over the year to the date the application for a PC is made (if an application is made more than 3 months before the date the renewal certificate is due the application will be treated as if it had been made 3 months before the date the renewal certificate is due), or</li><li>• measured over a 12 month period ending not more than 3 months before the date the renewal certificate is due. The period under this option will be set by the applicant but must be disclosed to the Membership Team (see clause 6 below) in writing at the date of the renewal application. This measurement period would then apply for future renewals unless and until the member notifies the Membership Team in writing that they want to change it.</li></ul> <p>In any event,</p> <ol style="list-style-type: none"><li>1. if the time period CPD was measured over for the previous application overlaps with the time period CPD is measured over in the current application, the same piece of CPD cannot be claimed for both applications; and</li><li>2. the time period CPD is measured over cannot be greater than a year (i.e. 365 days)</li></ol>

3.5 The Membership Team will verify that the applicant has met the requirements of the CPD Scheme by checking their online CPD record over the period in question. It is imperative therefore that the applicant has updated their CPD record on the Institute and Faculty of Actuaries' website before submitting their application.

### 3.6 Criminal Record Checks

The Membership Team will also action criminal record checks to validate the declarations made by the applicant in the application form. The PCC will use the information from criminal record checks and other information in the application to assess if the applicant is fit and proper to hold a PC. The information may also be used by the Disciplinary Scheme if the PCC refer the applicant under the Disciplinary Scheme or under the Appeals Process if the applicant appeals the decision of the PCC.

The information will not be used for any other purpose and access to the files will be strictly controlled in accordance with data privacy legislation.

Criminal record checks will apply:

- automatically to each initial applicant; and
- to all renewal applicants every five years. PC holders will be advised at least eight weeks in advance of their renewal date if a criminal record check will be carried out as part of their application that year.

Once criminal record checks have been carried out, they will normally be refreshed on a five year cycle thereafter.

- 3.7 As noted in 3.1, the IFoA will not otherwise conduct criminal records checks where the applicant has demonstrated that they meet the PRA or FCA's fit and proper requirements. This may include in due course evidence that the applicant has undergone regular criminal checks since the date their PC was first awarded and, if they have not, that they participate in the IFoA's checks every five years.

### 3.8 Declarations by the applicant

Applicants are required to disclose in a timely fashion any conviction, adverse finding, judgment or determination or disqualification order.

The applicant is required to answer yes or no to a series of questions and make attestations and disclosures against a series of statements in support of their application.

For all PC applications, the applicant must attest to compliance with APS X2 in relation to the last 12 months.

### 3.9 Referral under the Disciplinary Scheme

If the PCC identify information, at any time, through criminal record checks or otherwise, which appears to contradict any of the information presented or declarations made by the applicant in their application, or made by the attester to an initial application, then in the first instance the applicant, or the attester, will be asked to explain the apparent anomaly. This could include information presented that seems incorrect (e.g. the applicant claimed experience that they did not have or the attester attested that the applicant had experience that they did not have) or incomplete (e.g. the applicant did not disclose a prior offence).

If the PCC consider that the application contains false declarations, or where the member is acting in a capacity for which a PC is required but the member does not hold a PC at the time, the PCC may refer the matter under the terms of the Institute and Faculty of Actuaries' Disciplinary Scheme.

#### 4. The application process

##### 4.1 PCs are granted by the Institute and Faculty of Actuaries in the following categories:

- Scheme Actuary
- Chief Actuary (Life), Chief Actuary (Life, Non-Directive), Chief Actuary (non-Life without Lloyd's) and Chief Actuary (non-Life with Lloyd's)
- With Profits Actuary
- Lloyd's Syndicates.

##### 4.2 The application forms are contained on the Institute and Faculty of Actuaries' website organised by practice area and whether the application is initial or renewal in nature.

Completed forms should be returned to

The Membership Team  
Institute and Faculty of Actuaries  
Level 2 Exchange Crescent  
7 Conference Square  
Edinburgh  
EH3 8RA

Fax: 0131 240 1313

Email: [practising.certs@actuaries.org.uk](mailto:practising.certs@actuaries.org.uk)

Applications must be typed and can be made by post, fax or email (pdf). The application must be on the correct form, signed and the information provided clearly legible. Applications will be returned otherwise.

##### 4.3 Timeline to process applications

###### 4.3.1 For **renewal applications**, a 21 day turnaround is expected once all required information has been provided. The 21 days is measured from the date the complete application is received by the Membership Team.

Where the PCC has concerns about whether the applicant meets the criteria, further investigation and discussion with the applicant may be necessary.

###### 4.3.2 All renewal applicants are reminded that PCs cannot be backdated. In particular, pension Scheme Actuaries are reminded that, under APS P1, a Scheme Actuary must have a current PC. If your renewal application is not processed before the expiry date of your current certificate you will be required to resign any Scheme Actuary appointments held until such a time that a certificate can be granted.

###### 4.3.3 For renewal applications where a criminal record check will be made that year, the renewal will not be delayed in order to complete the criminal record check. However if the check identifies that the application for a PC may not have been correctly presented, the PCC may refer the matter under the Disciplinary Scheme (see 3.9 above).

###### 4.3.4 All renewal applicants are encouraged to make their applications as soon as possible.

###### 4.3.5 For **initial applicants**, in addition to the same checks that apply to a renewal applicant a criminal record check will be made before a PC is granted. The PCC expect that applications which involve criminal record checks will take up to 30 days to process, which includes time to review and discuss with the applicant any findings identified in the criminal record checks. Applicants will appreciate that this timeline is not wholly in the Institute and Faculty of Actuaries' control and no commitments can be made as to the actual date a PC will be granted (assuming a PC is granted). Initial applicants should ensure that they make their application well in advance of any date that they would hope to be awarded a PC by.

#### 4.4 Cost

The current cost of any PC is £890. This will be reviewed by Council annually with any increase applying from 1 September.

Payment can be made by credit card (by post or telephone only), cheque and also by BACS, as indicated on the application form.

Certificates will not be issued before full payment is made.

If a member applies at the same time for any two or more certificates, the cost will be £890 for all such Certificates. Otherwise the cost will be £890 for each Certificate applied for.

#### 4.5 Renewal applications received after the 21 day processing timeline

If a renewal application is received after the 21 day processing deadline and the renewal is requested to be effective on the date the current PC expires, i.e.:

- i) less than 21 days before the current certificate expires for Life and Pensions; or
- ii) after 25 October for Lloyd's,

although the PCC will in good faith try to fast track the application there is no guarantee that the application will be processed in time, particularly if the application is incomplete, contains errors or further information or clarification is needed to ascertain whether the applicant has met the generic and technical experience criteria. **The PC holder makes a late application at their own risk.**

The PC holder is responsible for making the necessary professional arrangements if their PC expires before the new PC is granted (if it is granted). In particular, a Scheme Actuary would need to resign their appointments.

**A penalty of 25% of the cost of a PC will be incurred by any renewal applicant whose application is received less than 21 days before the renewal date and who wants their new certificate to run concurrently from the date of expiry of the current certificate.** Any certificate renewed will not be issued until the penalty has been paid in full.

- 4.6 If an existing PC holder applies to renew a certificate and the application is received less than 21 days before the renewal date but the PC holder does not require that the new certificate runs concurrently from the date of expiry of the current certificate (see clause 4.3.2) then no late penalty fee will be applied.

#### 5. Appeals Process

An applicant who has had their application (initial or renewal) for a PC turned down by the PCC has the right to take the matter to [appeal](#) under the Institute and Faculty of Actuaries' Practising Certificates regime appeals process.

It is hoped that the applicant can in the first instance find reason to accept the PCC's decision, after supply of all information requested by the PCC. The PCC will provide written reasons for the refusal of every application.

Before entering the appeals process the applicant may first want to speak with either the Chair or the Secretary of the PCC to better understand the reasons that the application has been refused. If the applicant believes that there are grounds for appeal then they should contact the Judicial Committee's Secretary at the Institute and Faculty of Actuaries in writing within 30 days from the date the application was refused to enact the Institute and Faculty of Actuaries' appeals

process. A body will be formed to hear the appeal within the terms of the PC Scheme independent of the PCC, with no overlap of membership with the PCC.

6. Communications

Communications with PC holders and applicants will normally be by email. You are reminded of your obligation to keep your email address up to date and monitor your email regularly.

If you wish to contact the Membership Team please do so on 0131 240 1325 or email [practising.certs@actuaries.org.uk](mailto:practising.certs@actuaries.org.uk).



## Annex A

### GOVERNANCE OF THE PC SCHEME

- A.1 The PC Scheme provides a method of indication to users of actuarial services that PCs act in the public interest in demonstration that the actuary is fit and proper and has the necessary skills and experiences to be a PC holder and potentially to carry out reserved work.

The PC Scheme is set by Regulation Board under delegated authority from Council of the Institute and Faculty of Actuaries. A PC is issued by the Institute and Faculty of Actuaries in accordance with the PC Scheme.

- A.2 The Practising Certificates Committee

The PC Scheme is operated on a day to day basis by the Practising Certificates Committee (PCC) under delegated authority and powers by Regulation Board. The PCC report to Regulation Board.

The PCC comprise four Panels, one each for Pensions, Life, non-Life and Lloyd's, which consider PC applications made by Fellows. The work of the PCC, and the staff at the Institute and Faculty of Actuaries which supports it, is subject to regular review and oversight by a lay member and by Regulation Board.

The Institute and Faculty of Actuaries is a small profession and the PCC recognise the potential for biases or conflicts of interest to arise, or to be perceived to arise, in the course of its work. This is managed by ensuring each Panel is comprised of members who have different work backgrounds and experiences and work for different employers. Where a Panel member has personal knowledge of the applicant, as a close friend or a work colleague or otherwise works for the same organisation or an organisation in the same group of companies, then the Panel member will disclose this. If the Panel member's background knowledge of the applicant is such that a conflict of interest may exist, or be perceived to exist, the Panel member will absent themselves from a decision whether the applicant be awarded a PC or not.

If you would be interested in becoming a member of one of the Panels please contact the Membership Team at the Institute and Faculty of Actuaries

- A.3 Awarding a Practising Certificate

In awarding a PC to an applicant, the PCC assess whether an applicant has satisfied the criteria set down in the PC Scheme to hold a PC. The PC Scheme acts in the public interest to provide assurance that actuaries in reserved roles, carrying out reserved work, have met the criteria set down by Regulation Board to carry out those roles.

In awarding a PC, the PCC is not making a statement as to whether the applicant is competent to carry out a particular reserved role e.g. be appointed as the Scheme Actuary to the ABC Pension Scheme, the Chief Actuary for XYZ Insurance Company, or sign opinions for Lloyd's Syndicate Z. A PC is awarded to an individual - not to a particular role. The appointment (or re-appointment) of a PC holder to a particular reserved role is a matter for the relevant parties (the trustees of the pension scheme, the directors of the insurance company, in some circumstances the PRA and FCA, the managing agent of a Lloyd's syndicate etc.) having made their own enquiries of the capability and suitability of the experience of the PC holder for that particular appointment. PC holders are reminded that under clause 2.2 of the Actuaries Code they should not put themselves forward for roles they do not consider they have the competence to fulfil.

#### A.4 Ongoing Review of the PC Scheme

The PC Scheme is subject to review from time to time to ensure it remains proportionate and fit for purpose.

Regulation Board and the PCC will seek to make any changes to the PC Scheme effective 1 September each year.

Changes will not be made without appropriate notice: normally, the PCC would expect to provide at least 3 months' notice but there may be circumstances where a change is not significant or is significant but needs to be made in a tighter timeline e.g. regulatory change. A longer period will apply if the nature of the change would have significant impact on PC holders. Widespread or fundamental changes would be put to a formal Consultation process.

Notice will be provided through Practice Area newsletters, emails or letters to Fellows, as appropriate, as well as being recorded on the Institute and Faculty of Actuaries' website. All changes will be version controlled and a log of changes made will be maintained on the Institute and Faculty of Actuaries' website.

Changes require approval from the relevant parties as summarised in the chart below

Changes to	Accountable party
The PC Scheme including the generic criteria	Regulation Board
<u>Technical experience criteria</u>	The relevant Board(s) in consultation with the PCC
<u>Guidance on the generic criteria</u>	PCC in consultation with Regulation Board
<u>Guidance on the technical experience criteria</u>	PCC in consultation with the relevant Board(s)
Administration procedures including application forms	PCC

#### A.5 Contacting the Practising Certificates Committee

If you wish to contact the Chair or Secretary of the PCC, please contact the Membership Team in the first instance on 0131 240 1325 or email [practising.certs@actuaries.org.uk](mailto:practising.certs@actuaries.org.uk).

## Annex B

### Generic Criteria to be awarded a Practising Certificate

1. The applicant must be a Fellow of the Institute and Faculty of Actuaries<sup>4</sup> who qualified by examination or has been admitted under the terms of a Mutual Recognition Agreement with another actuarial organisation.
2. All initial applicants who completed the examinations of the Institute and Faculty of Actuaries from and including 2005 and all Fellows admitted under the terms of a Mutual Recognition Agreement are required to have passed the relevant UK Practice Module unless they have previously completed the relevant 400 series examination.
3. Applicants are reminded of the requirements of the Actuaries' Code and that the provision and retention of certificates is subject to the Charter, Bye-Laws, Rules and Regulations of the Institute and Faculty of Actuaries.
4. The application form for initial applicants includes a declaration from a holder of a practising certificate of the same type about the technical and professional suitability of the applicant to fulfil the role of a certificate holder. This must be completed.
5. The application form also requires a number of declarations pertinent to the applicant's general fit and proper status and requires the applicant to give permission to the Institute and Faculty of Actuaries to make any enquiries considered necessary to validate these declarations including criminal record checks.
6. All applicants are required to make a declaration that they consider they will have the time and resources required to carry out any reserved activities they have been, or expect to be, commissioned to do in the next 12 months.
7. All applicants are normally required to demonstrate that they have gained relevant experience of the prescribed Technical Experience Criteria of the work reserved for a certificate holder:
  - during at least three of the four years preceding the date of the application; and
  - whilst qualified as a Fellow of the Institute and Faculty of Actuaries (or as a full member of another actuarial body if admitted more recently under a Mutual Recognition Agreement)and, in the 18 months preceding the date of the application, must have at least three months' experience of work reserved for a certificate holder. Applicants who have been on career leave, other breaks or otherwise cannot meet this requirement are required to set out for consideration by the Practising Certificates Committee why they consider that they nevertheless meet the requirements on relevant and recent experience.
8. Guidance by the Practising Certificates Committee in consultation with the Boards as to what would normally be considered as relevant technical experience is set out in the Technical Experience Criteria. Applicants may reasonably expect these requirements to change from time to time, particularly if there are any changes to the scope or nature of reserved work.
9. The Practising Certificates Committee may require applicants to provide evidence of the experience claimed.

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<sup>4</sup> Throughout, the term "Institute and Faculty of Actuaries" includes where relevant either of its two antecedent bodies.

10. All applicants must have met the Category 1 CPD requirements in the year leading up to the date of application, and the obligations relating to Professional Skills Training requirements. The Practising Certificates Committee may in exceptional circumstances waive this requirement where it is considered, in the Practising Certificates Committee's sole discretion that the public interest is not served by the refusal of the applicant's practising certificate.
11. Any adverse Disciplinary Tribunal finding, court or regulatory authority judgment or finding will be taken into account by the Practising Certificates Committee which may, in the circumstances of the case and other information available, be satisfied that the actuary is a suitable person to hold a certificate despite the fact of an adverse finding.
12. Applicants for a certificate do not need to have the intention to fill a specific reserved role at the time of application. However, when subsequently considering taking on such a role, or when considering taking on a further reserved role, applicants should consider carefully whether any additional experience, technical knowledge or time and resources are required to be demonstrated under the Actuaries' Code to carry out the role.
13. The certificate is valid for one year unless specifically stated.