



Institute  
and Faculty  
of Actuaries

# Annual Report to Members

The Practising Certificates Committee

20 December 2018

## **Introduction**

The role of the Practising Certificates Committee (PCC) is to apply the Practising Certificates Scheme (PC Scheme). This involves receiving initial and renewal applications, considering whether they meet the requirements, and if so granting the initial or renewal Practising Certificate (PC). The PCC reports to the Institute and Faculty of Actuaries (IFoA) Regulation Board.

The purpose of this report is to explain the operation of the PCC to Members, and in particular to PC holders and those who seek to become PC holders. This report also provides suggestions to initial and renewal applicants to help their applications go as smoothly as possible.

The PCC is comprised of volunteers, who are all experienced practitioners in their fields, and who are organised into panels – one panel for each of the relevant disciplines, i.e. Life, Non-Life, Lloyd's and Pensions. The PCC Chair is not formally a member of any panel, but assists the panels where necessary. The PCC also has an additional lay person member, whose role it is to assist the PCC in seeking to ensure that its approach and procedures are robust from a lay perspective. The lay person member is not an actuary, but has experience of financial services institutions and is familiar with the work of actuaries. Consideration of applications is normally carried out via email, and the full PCC meets in person twice each year. The administration of the PC Scheme is carried out by IFoA staff based in the IFoA's Edinburgh offices.

The PCC has stringent procedures to require panel members to declare a conflict of interest if they are professionally involved or personally connected with PC applicants – in which case that panel member plays no further part in considering the case in question.

For Pension Scheme Actuary PCs, the IFoA staff have delegated authority and appropriate guidance in order to approve renewals on clear cut cases without referral to the Pensions panel. All initial Pension Scheme Actuary applications, and all initial and renewal applications for all other PCs, are currently referred to the relevant panel.

There is an appeals process for cases where an application is rejected, or where the applicant disagrees with any aspect of a PCC decision. In the 12 months to the date of this report, there was one appeal on a Pension Scheme Actuary case, and that appeal was not upheld.

## **2018 Review of PC Scheme**

A review of the PC Scheme was carried out during 2018 by a sub-group of the PCC. A number of changes have been implemented following approval by the Regulation Board, the main ones being:

- The experience requirement has been amended from 3 in the last 4 years to 3 in the last 5 years (with the requirement also for 3 months in the last 18 months remaining unchanged).
- For Pension Scheme PCs, guidance has been given within the PC Scheme document as to what constitutes the normal minimum level of experience, including the number of Schemes to which Pension Scheme PC holders should ideally have exposure, in order to satisfy the experience requirements.
- The initial and renewal application forms were updated to provide greater clarity and to request experience information more clearly organised by area and by year gained.

In addition, a number of drafting improvements and clarifications have been made, and all of the associated guidance and experience requirements have been incorporated into the PC Scheme document, removing duplication and making it easier for applicants to navigate.

It is important for all PCs that the PC holder has sufficient time and resources to carry out the roles in question. In particular, Pension Scheme PC holders with 20 or more Scheme Actuary appointments will going forwards receive a reminder that they should (in conjunction with their employer or firm where

relevant) ensure that they have sufficient time and resources to service all the schemes to which they are appointed.

A number of other potential changes arising from the review are still under consideration.

### Certificates in existence

The table below shows the number of certificates in existence as at 31 August 2018, together with the most recently available annual figures for the number of new certificates:

Type of PC	Number of unrestricted PCs	Number of restricted PCs	Total in existence	Total new*
Chief Actuary (Life)	124	5	129	20
Chief Actuary (Life, Non-Directive)	13	0	13	1
Chief Actuary (Non-Life With Lloyd's)	103	1	104	13
Chief Actuary (Non-Life Without Lloyd's)	57	6	63	8
With-Profits Actuary	62	0	62	12
Lloyd's Syndicate Actuary	54	0	54	9
Pension Scheme Actuary	800	1	801	29

(\* this shows the number of new PCs issued in the period 1 September 2017 to 31 August 2018)

It should be noted that there is overlap between several of the insurance PCs above – for example a Member may hold a Chief Actuary (non-Life with Lloyd's) and a Lloyd's PC. It should also be noted that not all PC holders are actively using their PCs. Some Members hold PCs in order to provide cover in the event of colleague sickness, or to be able to respond quickly where a client wishes to appoint a new actuary to a PC role. The PCC is supportive of this provided that the experience requirements continue to be fully met by those PC holders not actively using their PC.

For the Chief Actuary (Life, Non-Directive) PCs, 12 out of the 13 holders of such PCs also hold a Chief Actuary (Life) PC.

The facility to issue restricted PCs was introduced in 2017. Restricted PCs are issued where the applicant's experience is insufficient for a full unrestricted PC, but where the experience is sufficient for a sub-set of the role covered by the PC. This might relate to certain specialist types of insurer or pension scheme, or it might relate to certain activities only, such as to carry out life Reviewing Actuary activities as opposed to full Chief Actuary (Life) activities. Having the ability to issue restricted PCs enables more Members to take on roles which they would not otherwise be able to do.

Where an applicant does not fully meet the experience requirements in all areas, but has alternative experience to support the reserved work experience, the PCC has the ability to issue or renew a PC with discretion. The reason for the issuance with discretion is communicated to the applicant, together with those areas which the applicant needs to address over the coming year in order to secure subsequent renewal. Often, conference calls are held with the applicant in order to explain the position fully. Further comment on this aspect is given below.

Applications are declined where, after full consideration, the experience requirements have not been met. In the 18 month period to 31 August 2018, 20 cases were declined, this covering both initial and renewal cases.

## Areas for applicants to bear in mind

The following areas are worthy of note, and should help applicants to ensure that their applications run smoothly:

### *Setting out your experience on the initial/renewal forms:*

Probably the most significant issue for the PCC and for applicants is the number of applications (both initial and renewal) which have to be sent back to the applicant for more information or greater clarity on their experience, or (to a lesser extent) in relation to queries on CPD or other matters. Our statistics over the 18 month period to 31 August 2018 show that further information or clarification was requested in some 40% of applications, with this percentage being similarly high across both initial and renewal applications and across all the PC categories. In the majority of cases relating to experience queries, the applicant did have the appropriate experience, but this was not apparent from the application first submitted.

The following comments are intended to help applicants set out their experience clearly and in a way which enables the PCC most easily to confirm that it meets the *relevant* experience requirements.

- *Coverage of the required range of experience:* Some applicants set out large amounts of experience, all of the same type, whilst not demonstrating coverage of other required areas. An example of this on Chief Actuary PCs would be large amounts of experience on reserving, or reviewing reserves, but little on pricing, capital or reinsurance. An example on Pension Scheme PCs would be large amounts of experience carrying out valuations, but little on actually delivering advice to trustees. Clearly evidencing delivery of the advice, or a material involvement in the delivery of advice (as opposed to calculation type work) is important for all PCs, and it is particularly important that new PC applicants are able to demonstrate experience in this area over at least 3 years in the last 5 years.
- *Relevance of the experience:* Although the PCC is able to take some account of experience wider than the relevant core experience requirements, the PCC has to focus on the core requirements. So for Chief Actuary PCs, IFRS17 experience is less relevant – the core scope is that of the PRA Chief Actuary requirements. For Pension Scheme PCs, corporate advice, and advice to unfunded, public sector and non-UK schemes is less relevant – the core scope is advice to the trustees of UK private sector funded schemes.
- *Part A and Part B:* Following on from the above, the experience section of each initial/renewal application form has a Part A (which is for UK experience directly relevant to the PC role), and Part B (which is for other experience which may be of relevance). Applicants can reduce the likelihood of queries being raised by ensuring that they use these sections appropriately. So IFRS17 experience for Chief Actuary PCs should be included in Part B. For Pension Scheme PCs, corporate, unfunded and public sector advice experience should be included in Part B. For all PCs, experience in relation to non-UK jurisdictions should be included in Part B.
- *Description of the work done:* Applicants should describe the actual work done, rather than their roles using their firm's internal terminology. Just saying "I was the engagement leader on ...", or "I led the team on ..." does not always convey to the panel exactly what the actuarial role was. For Chief Actuary applicants, members should also consider carefully when labelling areas of experience as 'deep'. It is not necessary for members to have deep experience in each of the technical areas, rather they should demonstrate that they have at least two areas of deep experience in the relevant period. The narrative should provide enough information to support the description of 'deep', as detailed in the PC Scheme.
- *Non-reserved role holder experience:* Applicants can include experience gained other than as the reserved role holder (which will by definition be the case for new applications). For example working alongside or assisting a reserved role holder. For such experience, the applicant should describe as fully as possible the work and the responsibility undertaken and the extent of interaction with the client. Particularly relevant also are the extent and nature of the applicant's exposure to the formulation and delivery of the advice, in addition to the technical work carried out.

The IFoA website has anonymised examples of suitably completed experience forms.

#### *CPD learning outcomes*

When completing online CPD records, applicants are reminded to ensure that the “Learning outcome” box is always completed with a concise but meaningful summary of the knowledge and/or skills gained as a result of taking part in the CPD activity. The IFoA staff check this and will request amendments where this box has not been completed with a meaningful summary, and this could delay the processing of the application.

The above will not apply to those members included in the CPD Pilot for their application for a certificate after 1 July 2019.

#### *Submitting renewal applications in good time*

Renewal applicants are reminded to submit their applications in plenty of time in order to give the PCC adequate time to consider their application. This is particularly the case where the previous certificate was granted with discretion (see also the section below).

#### *Career and succession planning*

PC holders, members generally, and employers/firms are reminded that it is their responsibility to plan their careers and to carry out appropriate succession planning. Whilst the PCC will endeavour to be helpful wherever possible to unforeseen events such as sickness, the granting and renewing of PCs has to be based on the criteria set out in the PC Scheme, and the PCC cannot compensate for any lack of career or succession planning by individuals and/or their employers/firms.

#### *PCs granted with discretion*

As noted above, the PCC has the ability to issue or renew a PC with discretion, normally where the relevant experience is borderline in one or more areas. The PCC accepts that it is not always easy for the applicant to gain additional experience given the role or work environment which they have, but nevertheless expects applicants to make every effort to increase their experience where this is flagged to them. The PCC also accepts that there will sometimes be changes in circumstances (including sickness or leaves of absence) which make it difficult for the applicant to meet all of the experience requirements. Over the last year, a relatively small number of cases (in relation to the total) have been issued or renewed with discretion, but the PCC is nevertheless keen to ensure that PC holders do not continuously “run on amber” as this could call into question the credibility of the PC Scheme itself. The PCC therefore wishes to emphasise to those whose PCs are issued/renewed with discretion to treat seriously the accompanying advice in relation to the action which needs to be taken to secure the next renewal. Applicants are encouraged to discuss the position with their firms or employers where relevant. Unless there are specific mitigating circumstances, the PCC is reluctant to use its discretion more than once, and the PC Scheme has been clarified in this respect in the September 2018 update.

#### *Draft applications*

For Members who are progressing their experience and who aspire to holding a PC, the PCC is happy to receive, consider and feedback on draft applications. Members are asked to bear in mind that the PCC and IFoA resources are limited, and this facility is intended for where the Member is sure that their experience is almost at the required level but where there may be some gaps.

If you have any questions in relation to practising certificates or would like to send through a draft application, please contact the Secretary to the PCC at [practising.certs@actuaries.org.uk](mailto:practising.certs@actuaries.org.uk).

**John Jenkins**  
Chair of the PCC



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