



## The Chief Actuary role and its responsibilities

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### Agenda

- What does the role mean to actuaries?
- How does this fit into the IFoA regulatory framework?
- Where do Practising Certificates fit in?

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### Brief history of Team GB's success.....

- Mid-90s: formal funding to recognise as a "profession"
- Results improve.....leading to more funding
- More rigour and formality introduced
- Also significant change in expectations and responsibilities
- Team continues to deliver & raise profile
- Trend continues into 2016 and Rio
- Public far happier for it.....



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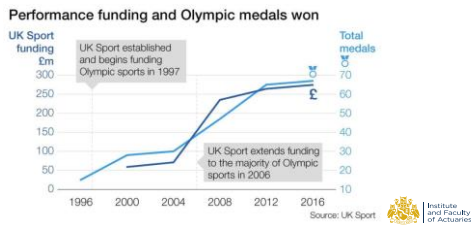
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....that has clear links to funding and profile



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Brief history of GI Actuaries.....

- Mid-90s start to get a foothold in market
- Impact recognised...leading to more "funding"
- More formality introduced with some GI Practising Certificates
- Also significant change in expectations and responsibilities
- Team continues to deliver & raise profile
- Trend continues in 2016 with SII and new formal **Actuarial Functions**
- Public far happier for it.....(?)



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.....this is actually a very significant development

- On one hand it is a brilliant opportunity....  
.....can be a spring board for more great things....like Team GB
- More influence / exposure / recognition  
– A real chance for the GI actuarial profession to flourish
- But with this comes more:
  - Expectation
  - Responsibility
  - Public Interest



*"Strengthening individual accountability in insurance"*  
PRA Supervisory Statement SS35/15



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### Where does the profession come in?

- The IFoA has, in accordance with its Royal Charter, primary responsibility for the regulation of its members, as actuaries, in the public interest. Following its merger in 2010, the IFoA undertook a strategic review, in terms of which its overarching regulatory strategy is defined as being

**“to license and regulate the members of the Institute and Faculty in such a way as to assure public confidence”.**

- This means the IFoA acts in two distinct ways:
  - to support members in fulfilling their **“increased accountability”**
  - whilst being mindful of **“public confidence”**



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### How does the Profession view formal roles?

- Any statutory or regulatory role brings additional public interest.....remember these roles are there for a reason

Historically this has been:

- Pension Scheme Actuaries
- Life Appointed Actuaries
- Lloyd’s SAO actuaries



• But now includes.....**Chief Actuaries\***

\* those fulfilling the SIMF20 role under the new SIMR



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### The Practising Certificate Regime

Why?

- To ensure the protection of the public interest by establishing a suitably proportionate, risk focussed and targeted regulatory framework
- To give **users** confidence in the advice they receive
- To allow members to demonstrate their capability and suitability



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### The Practising Certificate Regime

#### Actuarial Profession Standard APS G1

- Members who are Chief Actuaries must hold either a Chief Actuary (non-life without Lloyd's) Practising Certificate or, for a Chief Actuary within the Society of Lloyd's or a Lloyd's managing agent, a Chief Actuary (non-life with Lloyd's) Practising Certificate.
- When accepting appointments as Chief Actuaries, Members must ensure that they have the right to present a report to the Firm's Governing Body in person, although they may choose not to exercise this right on a case by case basis.
- Chief Actuaries who are Members must ensure, both at the time of the appointment and thereafter, that they have sufficient resources and access to information to fulfil the requirements of their role, including conducting such investigations as may be necessary.




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### The Practising Certificate Regime

#### How?

- Fellow
- Attestation of suitability
- Credit and criminal record check
- Demonstration of appropriate skills and experience
  - And this is largely based on Technical Criteria.....




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### What are the Technical criteria for Chief Actuaries?

- As the SIMF20 role, the scope is heavily based on the areas of responsibility of the Actuarial Function in Article 48
- We look for sufficient **breadth** of experience.....
  - .....within the last 10 years
- Sufficient **depth** of recent experience.....
  - .....in 3 of the last 4 years, and 3 in the last 18 months
- Demonstrate "operating at the right level".....
  - .....normally means being responsible and board interaction




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### The Practising Certificate Regime for Chief Actuaries was only introduced last year.....

- This included Transition arrangements for 3 years:
- **Practice Module**:- must be completed for all Chief Actuary PC applications, initial or renewal, after 1 January 2016 for members qualifying post 2005
- **CPD** :- from 1 Jan 2016, all members applying for a PC (new or renewal) must meet Cat 1 CPD
- **3 years' post qualification experience**:- from 1 Jan 2019, must be as a Fellow
- **Attestation**:- from 1 Jan 2017, attestor must be a PC holder of the same type



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### So how does this work in Practice?

- Practising Certificate Committee
  - meets twice a year
  - is a sub-committee of the Regulation Board
- Individual panels for each certificate
  - including a new "Chief Actuary non-life panel"
  - in "constant" communication
- Do have discretion...and use it
- And there is an appeals process



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### The whole Practising Certificate Regime is under review.....

- Steering group formed; and
- Terms of Reference include consideration of :-
  - Purpose of the PC regime
  - Classification of Certificates
  - Criteria
  - Process
  - Attestations



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### ....and you can help

- Questions for you to consider
  - What is the purpose of a Practising Certificate?
  - What are the most appropriate criteria to determine whether or not an actuary should be entitled hold an IFoA PC?
  - What are the top 3 changes you would like to see to the PC regime?



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### Firstly...who is responsible for you having a PC?



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### Reflections on what we have seen

- A large number of applications with of variable quality
- Good applications are very easy to approve
- However a surprising number **do not** appear to have:
  - Read the requirements
  - Looked at the examples
  - Filled out the right form
  - Included almost any detail on work undertaken
- We do wonder how saying "I am chief actuary of xyz and am responsible for the whole actuarial function's work but have no experience in pricing, reinsurance, capital or risk management" satisfies the Actuaries' Code
- Very similar statement applies to attesters!



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### Some myth busting

#### – clarify some things that are not true

- The profession is not trying to catch people out
  - Quite the opposite, the professions team work hard to help applicants
- The application does not need to be 30 pages long
  - Good experience pages are 2-3 long
- You do **NOT** need to have deep technical experience in every area for 10 years
- "I have worked in the profession for 25 years" is **NOT** enough
- Copying and pasting someone else's application and not changing the details will **NOT** impress the panel




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### So what does a good application look like?

Detailed experience in 3 out of the last 4 years in a number of the areas covered by article 48 of the Directive  
 We are basically looking at filling out this from the info on the form:

Required technical area	Experience period				
	Last 12 months	12 - 24 months ago	24 - 36 months ago	36 - 48 months ago	48 - 120 months ago
Considering appropriate bases and methodologies for valuing the assets and liabilities of insurers					
Considering the appropriateness of pricing bases for insurance contracts					
Considering appropriate reinsurance arrangements for insurers					
Measuring, managing and mitigating issues and risks to which an insurer is exposed					
Assessing the requirements for capital for insurers					




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### My takeaways from a PC perspective

- Please try to make the panel's job as easy as possible
  - Best for everyone
  - They cannot approve applications that lack detail or links to the requirements
  - The PC is a very important part of the Profession's governance / regulation of these "reserved roles"
- Have had to apply quite a lot of discretion for Chief Actuaries
  - Unlikely to be acceptable long term
- Experience should naturally be gained when in role.....

.....so the process should get easier!!!




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**Questions**

**Comments**

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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