



Institute
and Faculty
of Actuaries

Summary of consultation responses

Proposals for a revised APS L1

by the Regulatory Board

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Foreword

Neil Buckley, Chair of Regulatory Board



I am pleased to introduce this summary of the feedback received in response to the consultation on proposals for a revised Actuarial Profession Standard (APS) L1 issued by the Regulatory Board.

The consultation particularly focused on the requirement for Reviewing Actuaries (RAs) of a Life firm to hold a Practising Certificate (PC) and set out proposals to remove the requirement and to revise APS L1, the PC Scheme and PC Handbook to reflect the removal of the requirement.

The proposals were aimed at ensuring the roles covered by the Practising Certificates Scheme remain aligned with the PC criteria and that the regulatory measures for those carrying out such work are proportionate and consistent.

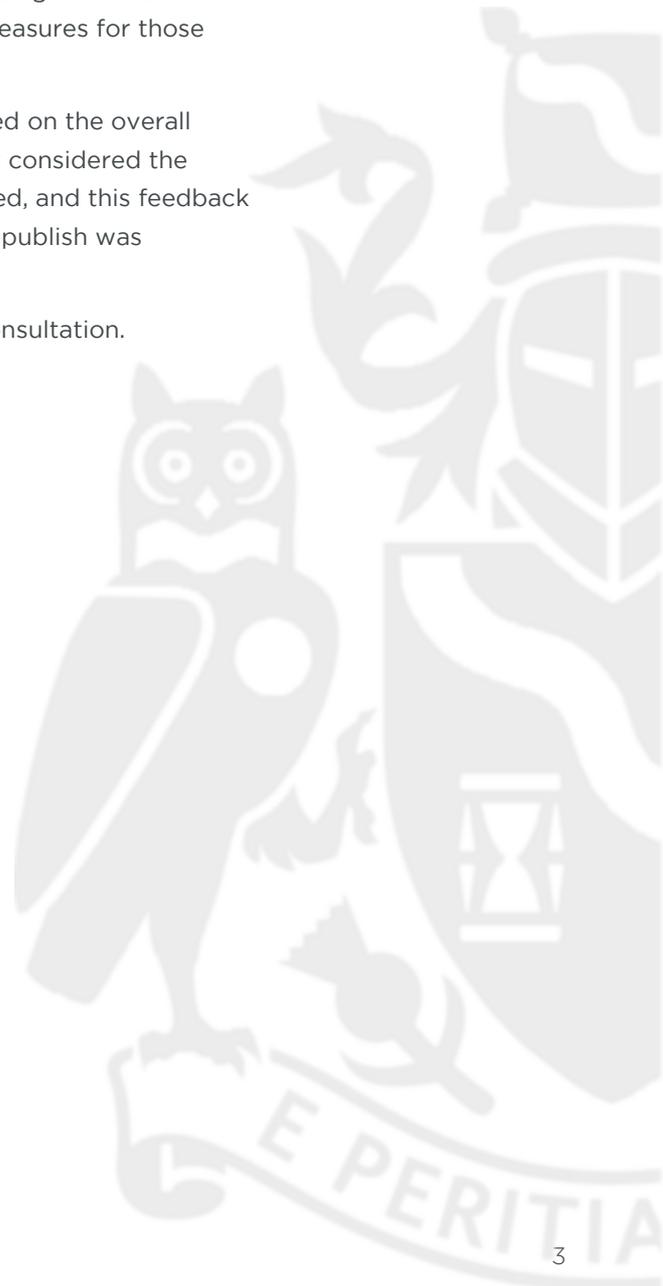
We received 11 responses to the consultation, with respondents divided on the overall proposals to remove the PC requirement. We have therefore carefully considered the detailed and thoughtful comments received from those who responded, and this feedback paper sets out all responses to the consultation (where permission to publish was provided) and the conclusions reached by the Board.

My sincere thanks to all who took time to provide responses to the consultation.

A handwritten signature in black ink, appearing to read 'Neil Buckley', with a long, sweeping underline.

Neil Buckley

Chair of Regulatory Board



1. Overview

- 1.1 We consulted on proposals to remove the requirement for RAs of Life firms to hold a PC, including proposed revisions to APS L1, the PC Scheme and the PC Handbook. To see the full proposals, [please go to the IFoA website](#).
- 1.2 The aim of the consultation was to ensure the roles covered by the PC Scheme remain aligned with the criteria for when a PC is required, particularly with the removal of the RA role from statute.
- 1.3 The proposals also considered the proportionality of such a requirement and the current inconsistency of the requirement across the life and non-life sectors.
- 1.4 What follows is an explanation of the outcome of the consultation, setting out the Regulatory Board's response to feedback on the proposals.
- 1.5 We are grateful for each of the responses to the consultation and carefully considered all the feedback.

2. Consultation process

- 2.1 The proposals were published and opened for consultation on 18 August 2023. The consultation remained open until 17 November 2023.
- 2.2 Members, their employers, and other interested parties were invited to comment on the proposals by completing one of two questionnaires: the [questionnaire for individuals](#); and the [questionnaire for organisations](#).
- 2.3 We actively contacted and engaged with a wide range of key stakeholders to encourage participation.

3. Consultation results

- 3.1 The consultation had 11 responses, including 7 from individuals, and 4 from organisations.
- 3.2 The Financial Reporting Council (FRC), in its capacity as our UK oversight body, was separately consulted prior to the public consultation.
- 3.3 Of the individuals who responded:

- All were based in the UK;
- All were IFoA Fellows; and
- All indicated that life insurance was their main area of practice.

- 1.6 Of the organisations which responded:

- All employed IFoA members in the UK;
- 3 employed members in the UK only;
- 1 employed members in both the UK and India;
- All were actuarial consultancies or professional services firms;
- 2 indicated that they employed more than 101 IFoA members; and
- 1 indicated that they employed between 11 and 50 IFoA members.

Summary

- 3.4 Overall views on whether the PC requirement should be removed were divided, with 5 respondents agreeing and 6 respondents disagreeing with the proposals.
- 3.5 Subsequent questions naturally followed a similar pattern, with those questions relating to updates to APS L1, the PC Scheme and PC Handbook to reflect the removal of the PC requirement.
- 3.6 It was generally agreed that the current situation whereby an RA is required to obtain a Chief Actuary PC is not suitable and an alternative solution is required.
- 3.7 The majority of those who disagreed with the proposals were concerned that removal of the requirement could lead to the role being carried out by individuals who do not have the relevant knowledge and skills.
- 3.8 It was suggested that a PC gives the auditor comfort in the actuary's competence to carry out the role, therefore a separate RA PC with its own Competency Framework could be a more appropriate approach.
- 3.9 Some respondents also raised questions around the ability to restrict PCs and why this is no longer possible under the current PC Scheme.
- 3.10 Those who agreed with the proposals highlighted the requirements of the Actuaries' Code and the professionalism of Members in ensuring they have an appropriate level of relevant knowledge and skill before taking on a role.
- 3.11 In addition, it was noted that the auditor has a responsibility to evaluate the competence and capabilities of an expert before making an appointment and is best placed to make this assessment.

4. Conclusions

- 4.1 The Regulatory Board carefully considered the comments received, particularly the concerns raised by those who did not agree with removing the requirement.
- 4.2 In response to those concerns, the Board would like to highlight the following:

- Practising Certificates are one of a range of regulatory measures available to help protect the public interest and criteria has been established to determine when a PC is required
- The 'Reviewing Actuary' role is no longer prescribed in statute, nor is it an ongoing role, subsequently, the role no longer meets the PC criteria
- In addition, the auditor is responsible for ensuring the overall quality of the audit and in evaluating the competence and capabilities of the experts involved, as such, the PC requirement is not considered a proportionate regulatory measure to impose upon those members acting as the auditors expert
- All Members' have professional responsibilities under the Actuaries' Code, requiring members to ensure they have 'an appropriate level of relevant knowledge and skill' to perform their professional duties competently and with care. Therefore, only those who have the relevant knowledge and skills should be acting in this capacity

- 4.3 The Board notes the suggestion of introducing an RA PC with its own Competency Framework, however as outlined above, the role itself no longer meets the criteria for when a PC is required, and it is therefore not considered proportionate to introduce a separate PC.
- 4.4 The Board also notes the comments around restricted PCs, however with the move to a competency-based approach, it is no longer possible to restrict PCs based on technical experience.
- 4.5 The Board is grateful for the detailed comments provided, however the responses received did not

raise any new points that had not been considered prior to consultation.

- 4.6 The Board has therefore agreed to remove the requirement for a Reviewing Actuary of a Life Firm to hold a Practising Certificate.
- 4.7 Feedback suggests that guidance would be a helpful addition for those acting as the auditor's expert and draft guidance has been uploaded alongside this document for feedback.

5. Next steps

- 4.8 The removal of the requirement will come into effect from 02 April 2024, along with a revised APS L1, PC Scheme and PC Handbook.
- 4.9 Members have until 24 April 2024 to provide any comments or suggestions in relation to the guidance. The final version will be uploaded to the IFoA website after this date.

Appendix 1 – List of respondents

Below are the names of organisations and individuals who responded to the consultation who agreed for their names to be disclosed as part of the consultation process.

Organisations

OAC Limited

PricewaterhouseCoopers LLP

KPMG LLP

SDA Actuaries

Individuals

Brian Paton

James Joiner

Julian Ellacott

Tim Bateman

Appendix 2 – Summary of responses

The following table shows the number of respondents who chose the indicated option. Individual responses and organisational responses have been combined.

	Organisations			Individuals		
	Yes	No	Not sure	Yes	No	Not sure
Question 1 Do you agree with the proposal to remove the Reviewing Actuary PC requirement?	3	1	0	2	5	0
Question 2 Do you agree with the proposed revisions to APS L1 set out in version 4.0?	2	1	1	2	5	0
Question 3 Do you agree with the proposed revisions to the PC Scheme and Handbook set out in versions 4.2 and 1.2, respectively?	4	0	0	2	5	0
Question 4 Do you think the introduction of guidance for Reviewing Actuaries would be helpful?	3	1	0	5	2	0
Question 5 5. Do you anticipate any practical or resource implications from these proposals?	1	1	2	2	3	2

Appendix 3 – Comments from organisations

Question 1

Do you agree with the proposal to remove the Reviewing Actuary PC requirement?

Yes

We believe that the professionalism of any one asked to perform this role should prevent them from accepting the engagement if they are not suitably qualified or experienced. The current Chief Actuary (Life) practising certificate requires individuals to demonstrate experience and competence in certain areas that are not necessarily required to perform the Reviewing Actuary role.

There is currently a requirement for a Practising Certificate ('PC') to be held by IFoA Members who carry out the role of a Reviewing Actuary ('RA') of a life firm. The purpose of having a PC is to demonstrate that the RA has the appropriate skills, experience, and competencies to carry out the role of an auditor's expert. Following the implementation of Solvency II, the RA role requirement was removed from the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA') handbooks and there is therefore no longer a regulatory requirement for such a role.

The PRA has since issued audit guidance in "Supervisory Statement 11/16 Solvency II: External audit of, and responsibilities of the governing body in relation to, the public disclosure requirement March 2021" that the regulator expects auditors to follow in auditing a firm's Solvency and Financial Condition Report ('SFCR').

Within Supervisory Statement 11/16, the relevant extract in relation to the use of actuaries is as follows "ISAs (UK) specify that the auditor shall determine whether, to obtain sufficient appropriate audit evidence, he or she should use the work of an auditor's expert, and should evaluate the expert's competence, capabilities and objectivity. As a minimum, for firms that write life insurance business, the PRA expects that auditors, in undertaking the external audit, will obtain and pay due regard to the work of a suitably qualified actuary who is independent of the firm."

We have processes and controls in place to ensure that the lead actuary working on the audit as the RA has completed the relevant training, obtained the correct accreditations and has the appropriate experience to demonstrate the appropriate skills, experience, and competencies to carry out the role of an auditor's expert.

We perform the audit of the SFCR in accordance with the ISAs. Our audit methodology, KPMG Audit Execution Guide ('KAEG'), addresses the requirements of the ISAs.

KAEG sets out the procedures the audit engagement teams and audit engagement partners need to undertake to satisfy ISA (UK) 220 "Quality Management for an Audit of Financial Statements". Audit engagement teams, including the audit engagement partner perform procedures in accordance with KAEG to demonstrate that the engaged KPMG actuaries, including the lead actuary, who provide direct assistance on the audit, collectively have the appropriate knowledge, skill and ability, to perform the engagement in accordance with the KAEG and issue appropriate conclusions.

It is important to note that the lead actuary working on an audit will always be a qualified actuary and a Director or Partner in the firm, or equivalent level with significant relevant experience to carry out the role of the auditor's expert. Moreover, the lead actuary provides specialist input to the lead audit engagement partner or director, who is ultimately responsible for signing the overall audit opinion.

Following the move to a competency-based approach to obtain a PC, there is no longer an option to issue restricted PCs in situations where technical experience is limited to a particular area. Members in RA roles are therefore required to meet all the competencies set out in the Competency Framework for a Chief Actuary PC. There are areas of the competency framework which are required for a Chief Actuary but are not required for actuaries working in our practice to deliver their roles on audit engagements. As such, it is challenging for the actuaries working in our practice to demonstrate that they meet all the competencies set out in the Competency Framework for a Chief Actuary PC (which you would normally expect from actuaries working in industry). Therefore over time, it will be challenging for actuaries in our firm to obtain the PC, which would put significant pressure on the small number of existing actuaries who have PCs to deliver the audits.

As the RA role requirement was removed from the PRA and FCA handbooks, and as we have internal processes and procedures to address the PRA's guidance in Supervisory Statement 11/16, we welcome the Board's proposals to remove the requirement from the IFoA rules in APS L1 for an RA to hold a PC.

As the Reviewing Actuary role no longer exists, as a minimum the requirement would need to be for members acting as auditor's expert for life insurance audits. Given that restricted PCs can no longer be given, maintaining a requirement would restrict number of members able to carry out that role. Acting as RA was in the past often a first step in taking on a statutory role before later taking on CA or WPA roles, and maintaining the PC requirement would make this less likely. This won't however open the door to "just anyone" taking on the auditor's expert role, as auditors will still need to evaluate the expert's competence and capabilities before appointing.

Question 1

Do you agree with the proposal to remove the Reviewing Actuary PC requirement?

No

As a major provider of audit services, we consider it important that the actuaries on whom auditors rely for the audit of life insurers can demonstrate that they meet appropriate high standards and that this is monitored by the IFoA. We appreciate both that the role of Reviewing Actuary on an audit is no longer statutory and that the auditor is responsible for ensuring the overall quality of the audit, including the work of specialists. However, the Prudential Regulation Authority is clear in its supervisory statement SS11/16 (Solvency II: External audit) updated in March 2021 that "As a minimum, for firms that write life insurance business, the PRA expects that auditors, in undertaking the external audit, will obtain and pay due regard to the work of a suitably qualified actuary who is independent of the firm" (paragraph 4.3) and so a specified role exists. Holding an appropriate Practising Certificate would provide auditors with a level of independent confirmation over the qualifications of an actuary undertaking this role.

In addition, paragraph 1.1 of the Practising Certificate Handbook indicates that the PC scheme applies to roles "which require actuarial skills and where the nature of the roles means that the public interest might reasonably expect an additional layer of scrutiny of the competence of those taking on the roles". The role of auditors is clearly within the public interest and so, by association and in our view, is the work of a "suitably qualified actuary" supporting the auditor as set out in SS11/16. The audit profession has come under increasing scrutiny over recent years and the general direction of travel from the government and from regulators has been to increase standards and the level of oversight rather than to reduce them. For example, the CPD requirement for auditors is currently being strengthened by the accounting profession. In this environment, we consider it a backward step for the actuarial profession to remove the requirement for an actuary as defined in SS11/16 to hold a Practising Certificate and to meet the associated higher CPD requirements.

We appreciate that those undertaking the role previously known as Reviewing Actuary are not necessarily able to demonstrate that they have relevant technical skills and experience across the full range of areas required by a Chief Actuary. However, many of the competencies considered in the certification, such as communication, leadership / accountability, professionalism and wider knowledge and understanding, are just as relevant to a Reviewing Actuary as to a Chief Actuary so we question why it is no longer an option to issue restricted PCs where only the technical experience is limited, or to have a specific certification for this role. We consider this to be a more appropriate approach than removing the requirement in its entirety.

Question 2

Do you agree with the proposed revisions to APS L1 set out in version 4.0?

Yes

We agree with the proposed revisions for the reasons set out in question one.

Question 2

Do you agree with the proposed revisions to APS L1 set out in version 4.0?

No

Drafting point: if the conclusion is to go ahead with the proposals, we suggest that the old section 7 of APS L1 (“Relationship between Chief Actuary... and Reviewing Actuary”) also needs to be deleted, and it would be appropriate to remove “Reviewing Actuary” from the glossary. Otherwise, the revisions are consistent with the proposal to remove the Reviewing Actuary PC requirement, with which we disagree. See response to question 1.

Question 2

Do you agree with the proposed revisions to APS L1 set out in version 4.0?

Not sure

Whether the role of Reviewing Actuary requires a Practising Certificate or not, any member fulfilling this role should adhere to the standards set out in the document. Therefore, it is only paragraph 5.1 that needs removing (the requirement to hold a Practising Certificate). Provided these standards / expectations are defined elsewhere then they do not necessarily need to be covered within APS L1. However, unless there is good reason for it to be excluded, we would question why it is necessary to remove references to these requirements from this Professional Standards document.

Question 3

Do you agree with the proposed revisions to the PC Scheme and Handbook set out in versions 4.2 and 1.2, respectively?

Yes

If this role is not covered by the Scheme then references to it need to be removed from documents that are specific to the Practising Certificates (PC) Scheme.

The revisions are consistent with the proposal to remove the Reviewing Actuary PC requirement, with which we disagree. See response to question 1.

We agree with the proposed revisions for the reasons set out in question one.

Question 4

Do you think the introduction of guidance for Reviewing Actuaries would be helpful?

Yes

As noted in the answer to Question 2, actuaries performing the role of Reviewing Actuary should be subject to the same set of standards as are currently defined in APS L1 (apart from requirement 5.1). Therefore if these requirements / standards are removed from APS L1 they should be replicated within additional guidance notes specifically for Reviewing Actuaries.

Whilst we welcome the Board's proposals to remove the requirement from the IFoA rules in APS L1 for an RA to hold a PC, we consider the introduction of guidance for the lead actuaries working as RAs on audit engagements to be helpful.

Although it shouldn't be called guidance for RAs, as RAs don't exist as such, they are still carrying out work relating to a statutory role (the auditor) and much of the guidance in APS L1 is still appropriate.

Question 4

Do you think the introduction of guidance for Reviewing Actuaries would be helpful?

No

It is unclear to us what status any guidance from the actuarial profession would have in the audit world. In addition, withdrawing the need for a Practising Certificate but providing guidance sends out mixed messages - if (as stated in the regulatory impact) "there are already stringent standards placed on auditors to ensure that the experts they use are appropriately experienced and skilled", what can the profession add via guidance?

Question 5

Do you anticipate any practical or resource implications from these proposals?

Yes

In theory this should increase the size of the pool from which Reviewing Actuaries can be drawn.

One potential consequence is a downward pressure on audit fees which then makes it less viable for actuaries with Practising Certificates from taking on such roles. If this happened it could remove some of the more experienced actuaries from performing such roles.

Whilst actuaries have a professional responsibility not to take on roles for which they are not qualified to do, the onus falls back on the audit firm to demonstrate that someone without a PC is "suitably qualified". Have the audit firms / FRC been consulted on these proposals?

This has the potential to create a 2-tier system where an audit undertaken by a member with a PC may be regarded differently to one without. Board members may take a different view on the conclusions of an audit depending on the status of the Reviewing Actuary.

There are reputational issues for the actuarial and audit professions if something goes wrong with an audit and the experience of the Reviewing Actuary is brought into question.

Question 5

Do you anticipate any practical or resource implications from these proposals?

No

Following the move to a competency-based approach to obtain a PC, there is no longer an option to issue restricted PCs in situations where technical experience is limited to a particular area. Members in RA roles are therefore required to meet all the competencies set out in the Competency Framework for a Chief Actuary PC. There are areas of the competency framework which are required for a Chief Actuary but are not required for actuaries working in our practice to deliver their roles on audit engagements. As such, it is challenging for the actuaries working in our practice to demonstrate that they meet all the competencies set out in the Competency Framework for a Chief Actuary PC (which you would normally expect from actuaries working in industry). Therefore over time, it will be challenging for actuaries in our firm to obtain the PC, which would put significant pressure on the small number of existing actuaries who have PCs to deliver the audits.

Removing the need for the RA to have a PC will help provide more flexibility and bandwidth to the actuarial partners and directors in our practice to perform audits as the reviewing actuaries.

Question 5

Do you anticipate any practical or resource implications from these proposals?

Not sure

We do not anticipate any such implications internally, as we expect our firm to continue to hold those undertaking the Reviewing Actuary role (being an actuary as defined in SS11/16) to high standards. However, we are concerned that the removal of the requirement for a Practising Certificate could lead to actuaries with insufficient knowledge and experience undertaking the role, with negative consequences for the reputation of the actuarial profession if the quality of the audit of a life insurer comes into question in the future.

Auditors may feel that they can only assess competence and capability of their expert by if they do or don't hold a PC. If this is the case then there will be fewer people to carry out the role than there were when restricted PCs were possible. Or it may require more work by the potential expert to convince the auditor of their suitability. All these could mean that fewer are available, which in particular could affect the ability of an actuary to step up to a more responsible role before they are ready for a CA or WPA role.

Question 6

Other comments

We are generally supportive of the proposal. A large part of the role of the Reviewing Actuary is to review and comment on the work of the Chief Actuary, and it is necessary that the Reviewing Actuary retains a high level of respect. Whilst this is partly a matter of professionalism (for the CA and the RA), this change should not be viewed (or perceived) as a watering down of the quality of Reviewing Actuaries.

In large complex firms, it may be appropriate for auditors to continue to require their RA to be a senior actuary with a PC, with the broader experience required to obtain the PC being valued for what it brings to the audit.

For smaller firms, where there may be pressure on the level of audit fees and a potential lack of supply, then the proposal may provide a solution that does not necessarily undermine the process.

From the perspective of the actuarial profession, most of the potential issues should be addressed through the professionalism of its members. However, this proposal does require audit firms to potentially apply a different approach in their assessment of a “suitably qualified” actuary, and there could be an adverse reaction from other parties if it is perceived that “less qualified” actuaries are now undertaking this role.

No other comments

Appendix 4 – Comments from individuals

Where the individual responding to the consultation agreed for their response to be published, their full comments in responses to questions have been included below. If an individual wanted their responses to remain confidential, no entry appears.

Question 1

Do you agree with the proposal to remove the Reviewing Actuary PC requirement?

Yes

I think it makes sense to remove the PC requirement so long as there continues to be some clear guidance on the skills and experience a reviewing actuary should have.

Under INSPRU the reviewing actuary was a defined statutory role however, since SII was introduced and INSPRU was replaced that has ceased to be the case. As there is no statutory role the question then becomes, is there a benefit to the profession from the IFoA limiting those that can perform this role through the practicing certificate scheme? My view is that the auditor is in a much better place to assess whether the actuary advising them is suitably qualified than the IFoA currently is. The current PC scheme doesn't even have a certificate for the reviewing actuary role so no skills experience criteria to base an assessment against. The current use of the Life CA certificate process doesn't work (many applicants have the right experience to be a reviewing actuary but not a chief actuary) and as a result the value of the current process (whereby you get a Life CA certificate but then have to write a letter promising you won't do anything it allows you to do) is questionable. Unless the current practising certificate process is changed to assess applicants against the skills and experience required to be a reviewing actuary the decision over competence should be left to the auditor.

Question 1

Do you agree with the proposal to remove the Reviewing Actuary PC requirement?

No

"I am strongly against this proposal and propose an alternative change if one is needed.

I was previously a Chief Actuary PC holder and I think that it is vital that the Reviewing Actuary is also a PC holder. If you want to make a change, as you say that the role of the RA is narrower than that of the CA then I propose that you introduce a RA-specific PC that is easier to obtain than a CA PC.

As Chief Actuary it was reassuring that the Reviewing Actuary is also of equal stature to myself. There is a risk that if a PC is not required then audit firms would put up less experienced people to do the review, this would not be in the public interest, in my view.

This proposal is similar to the idea that OFSTED inspectors in Education do not have to be teachers or headteachers. That is also an idea that I oppose for the same reasons.

Have you engaged with the audit firms on this proposal? I doubt that the likes of Deloitte, pWc etc are be-moaning the idea that the senior actuaries who are the Reviewing Actuaries have to have a PC. Many of those same people will also be doing CA work and so would need a CA PC anyway.

Once again this looks like a sub-optimal solution to a problem that perhaps does not exist.

Finally, if you reduce the number of people who need a PC then you will reduce the income from PC fees and Conferences to the IFoA. I thought that the IFoA was short of money, hence the steep increases in subs this year."

In order to provide a suitably robust level of review, and to avoid any impression of the RA being "inferior" to those they are reviewing, I believe RAs should continue to require the full PC.

"It is my experience that the role of RA is an important one, which supports high-quality reporting and adds to the degree of confidence which insurance company reporting can be used, as well as ensuring an important role must be carried out by an IFoA member, with all of the benefits that that brings. This proposal weakens the regime without justification.

Requiring a PC should not be an onerous step for anyone considering the role of RA, and acts as an important backstop against the remote prospect of members inappropriately taking on the role.

The IFoA notes that roles requiring a PC are those ""which are expected to be subject to an extra layer of scrutiny"". The role of reviewing actuary would seem to fall into this space, and the profession would not be well judged if RAs were not subject to the highest standards possible. It seems counterintuitive given recent well-publicised audit issues that the IFoA would seek to weaken (or be at risk of being perceived to take steps to weaken) the standards required.

The IFoA argues that members carrying out the RA are required to meet the competencies required for a much broader role. However, it seems self-evident from looking at the competencies required of a Chief Actuary (Life) that these are also the competencies that would be required of anyone carrying out the RA role. The IFoA has not put forward any argument as to which of these competencies RAs would not be expected to have, nor highlighted whether in practice if they have prevented good quality candidates from being turned away. I believe that an actuary who could not demonstrate these competencies should not be taking on the role of RA.

The IFoA considers that ""there are already stringent standards placed on auditors to ensure that the experts they use are appropriately experienced and skilled."" This is also true of firms employing Chief Actuaries and yet PCs are required there, and similarly for Scheme Actuaries. If this is the argument being made, then it is unclear why PCs are necessary at all. The whole point of the PC regime is to add to the requirements that firms place on their employees; indeed this is true of the entire actuarial oversight regime. Life insurers, in conjunction with the regulator and taking into account the SM&CR regime, should be sufficient to ensure that practising Chief Actuaries (i.e. those who expect to actively use the PC within a firm) are appropriately experienced and skilled. It is arguable that it is precisely for roles such as RA, or other senior roles carried out by actuaries not subject to SM&CR such as Scheme Actuary, that the PC regime is most effective at protecting both members and the reputation of the industry, as well as policyholders, pension scheme members and the wider public.

Requiring RAs to apply for a PC also indicates to members thinking of taking on this role that it is a serious role and they should consider carefully if they have the skills and experience to take on the role. Other aspects of APS L1 would also seem highly sensible to retain, for example that RAs should discuss the role with their immediate predecessor, and that those supporting the RA should be aware of the RA's responsibilities.

To gain a PC members must also be in good standing, with (one would assume) a clean disciplinary record with the IFoA. The renewal form reminds members that they need to comply with the Actuaries' Code and APS X2 amongst other things.

Given the changes to PC applications i.e. that they are now competence-based and not experience-based, that the CPD scheme is sufficiently broad such that complying with 30 hours per year should be easy for any member carrying out a senior role, and that the annual renewal process has been streamlined, there seems little justification for removing what should be a straightforward set of requirements that anyone carrying out the RA role should easily be able to comply with."

"It is suggested, by way of justification of removal of the requirement for an RA to have a PC, that there are ""already stringent standards placed on auditors to ensure that the experts they use are appropriately experienced and skilled"". However the PRA Supervisory Statement (SS11/16) which is referenced does not have mandatory status so it is unclear to me that there are any stringent standards in place.

Secondly when trying to consider how this change might look to the outside world, and considering some of the most significant issues that have arisen in the financial affairs of some very important companies in the past, it doesn't seem sensible to me that the IFoA is stepping back from a requirement that someone in a Reviewing Actuary role should have sufficient experience to undertake the role.

In my own experience as a Reviewing Actuary I know that my ability to review and challenge the work of the Chief Actuary concerned was aided by the fact that I had sufficient experience of my own to see the issues and potential disadvantages of different approaches. In my experience as a Chief Actuary I know that a good reviewing Actuary will always give you pause for thought about the approach proposed or the assumptions used.

Overall I do not think the Reviewing Actuary role should be devalued as it seems to be under the current proposals."

Question 2

Do you agree with the proposed revisions to APS L1 set out in version 4.0?

No

As I do not agree with the main proposal I also do not agree with changing APS L1

See previous answer.

Covered under answer to Q1.

The material for Reviewing Actuaries in APS L1 currently is very helpful to define how the role works in practice.

Question 3

Do you agree with the proposed revisions to the PC Scheme and Handbook set out in versions 4.2 and 1.2, respectively?

No

As above

See previous answers.

Covered under answer to Q1

Question 4

Do you think the introduction of guidance for Reviewing Actuaries would be helpful?

Yes

More guidance, as long as guidance does not effectively become new rules, is always welcome.

Additional guidance is always helpful. However moving some of this out of being a requirement under the PC regime is watering down the regulations with no clear benefit.

Question 5

Do you anticipate any practical or resource implications from these proposals?

Yes

I think that audit firms will use less qualified resource for review work if this proposal goes through. This may reduce audit fees, which some life offices might be happy about, but this is not in the public interest if less qualified/experienced resource leads to audit errors/firm failure etc

I think that the proposals devalue the role of Reviewing Actuary and make it more likely that actuaries with less than sufficient experience and skill will be selected for what is a very important role.

Question 5

Do you anticipate any practical or resource implications from these proposals?

No

No material implications. Many RAs are part of large organisations, and in many cases I suspect are Chief Actuaries too, hence already have a PC. (If this has not been researched, perhaps it could be subject to a focussed piece of survey work to establish the actual position.)

Question 5

Do you anticipate any practical or resource implications from these proposals?

Not sure

I hope the change won't have a significant impact on IFoA's income (without increasing the cost of PCs to compensate).

Question 6

Other comments

Thank you for consulting on this. You generally get better changes when you engage the membership. There is perhaps a lesson for Council in that.

I agree that it is not necessary for a Reviewing Actuary to have all the skills and experience of a Chief Actuary. It is helpful if they do however. Further I think it would be possible to produce a "cut-down" set of requirements for a Reviewing Actuary which should ensure they have appropriate experience and skills to perform the role.



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