



Institute
and Faculty
of Actuaries

Annual Report to Members

The Practising Certificates Committee

18 December 2019

Introduction

The Practising Certificates Committee (PCC) published its first Report to Members in December 2018. This year's report provides an update on the annual review of the PC Scheme and includes current statistics and further suggestions to initial and renewal applicants to help their applications go as smoothly as possible.

You can find further information on the operation of the PCC in our [2018 Report to Members](#) and members are encouraged to read this in conjunction with this year's report.

As noted in the 2018 report, 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 have been no appeals.

2019 Review of the PC Scheme

The PCC has undertaken its annual review of the PC Scheme and made some minor amendments and clarifications. The new PC Scheme will come into effect on 1 January 2020 and the updates can be summarised as follows:

- Date changes to reflect 1 January 2020 and new version number;
- The transition arrangements in relation to Chief Actuary PCs have been removed as these have now expired;
- Clarity on the specific Practice Modules that should be passed prior to submitting an application – for those applicants for whom this is relevant;
- Clarity on the certificate type required for an Appropriate Actuary;
- Addition to and update of the wording to the Chief Actuary technical criteria to indicate the number of areas of deep experience expected, which is consistent with the With Profits Actuary and Chief Actuary (Life, Non-Directive) criteria; this is not a new requirement and merely updates the PC Scheme to reflect established practice;
- Wording clarifications have been applied to ensure consistency with the Provision of Services Regulations;
- Other wording improvements to ensure consistency between various parts of the PC Scheme;
- The FAQs have now, where relevant, been incorporated into the main PC Scheme, and we have concluded that we no longer need FAQs.

Certificates in existence

The table below shows the number of Practising Certificates (PCs) in existence as at 31 August 2019, 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)	103	23	126	15
Chief Actuary (Life, Non-Directive)	7	0	7	0
Chief Actuary (Non-Life With Lloyd's)	102	1	103	6
Chief Actuary (Non-Life Without Lloyd's)	53	5	58	6
With-Profits Actuary	50	0	50	1
Lloyd's Syndicate Actuary	58	0	58	7
Pension Scheme Actuary	776	1	777	27

(* this shows the number of new PCs issued in the period 1 September 2018 to 31 August 2019)

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.

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 detail on PCs granted with discretion can be viewed in our [2018 Report to Members](#). Members are reminded that the PCC will not normally apply its discretion to renew a PC for longer than one year.

Applications are declined where, after full consideration, the experience requirements have not been met. In the 12 month period to 31 August 2019, 11 cases were declined, this covering both initial and renewal cases. Applicants are offered a conference call follow up to explain fully the reason for the decline.

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:

A significant issue for the PCC and for applicants continues to be 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 in relation to queries on CPD or other matters.

Applicants are reminded that they must be meeting the CPD requirements at the time of signing their application, even if a future CPD date is intended. The Membership Team cannot “hold on” to applications until the CPD requirements have been met, particularly if this falls within the 21 day period in which an application is due. If an applicant has not met the CPD requirements in advance of the 21 day period and requires their renewal certificate to run concurrently with the current one, then the application will not be deemed as fully complete and a late administrative surcharge will be applicable.

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. Applicants are encouraged to review the example experience pages on the [IFoA website](#) and follow the same format. This enables the PCC to most easily confirm the relevant experience requirements have been met.

It is sometimes the case that renewal applications from experienced or long-standing in-role PC holders are light on detail. The PCC has to treat all renewal applications in the same way, and experienced or long-standing PC holders are reminded to ensure that they do give full details of their experience when completing their renewal applications.

Face-to-face experience

As part of the requirements for a PC, applicants are required to demonstrate that they have delivered or participated substantially in the delivery of reserved advice to the user, either face to face in meetings or on conference calls, including situations where the advice has been challenged and defended. This should be demonstrated to a material extent in three of the last five years, and in three of the last 18 months, and therefore potential applicants need to consider this well in advance of an initial application.

This is relevant for all disciplines, however issues come up most often in Scheme Actuary (ie pensions) cases. The PCC would like to emphasise the importance of this requirement to those applying for their first Scheme Actuary Certificate and their attesters. New applicants are encouraged to read the [PC Scheme](#) in its entirety, as well as review the [example experience page](#) on the IFoA website, which shows the level of detail and clarity the PCC requires. This will not only help the PCC when reviewing applications, but will also ensure applicants provide full information in their first submission and avoid any delays in the processing of the application. If you are aware of a colleague who may be thinking of applying to be a PC holder in the next few years, it would be helpful if you could bring this to their attention.

The PCC recognises that, for insurance companies, there may be fewer opportunities for applicants to attend meetings. The PCC does accept conference calls as face to face advice, as this does provide the opportunity for the advice to be challenged and defended, and applicants should be sure to convey this part of their experience on their application/renewal forms.

Reserved role holder vs non-reserved role holder

Applicants should make it clear on their application where they are actually in role and the experience gained in this role. For example, where a member is in the SMF20 Chief Actuary role, the experience gained in this role should be evident on the application, and separately any additional experience gained other than as reserved role holder should be described as fully as possible, including the responsibility undertaken and the extent of interaction with the client/management.

Applicants should ensure that any non-reserved work that they would like the PCC to take into consideration is included in Part B of the experience section of the application. Applicants should ensure that they include full details of this work and draw parallels between that work and reserved work. For example, 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.

Review work

Many applicants include on their forms experience gained in carrying out reviews (of various types) of other actuaries' work and client's work generally. The PCC recognises that review work can form a valuable source of experience. The extent to which the PCC is able to take into account review work depends on the nature and extent of the review work carried out. Reviews carried out can range from very light touch or high level reviews, to a very detailed review involving independent recalculations from source data and/or the production of an independent review report. Applicants should therefore be very clear on the scope, extent, and reporting requirements for review work carried out, as this will help the PCC in deciding the extent to which the work can be taken into account in the assessment of the experience requirements.

Submitting applications in good time and draft applications

Renewal applicants are reminded that applications are due in at least 21 days prior to their current certificate expiring. Applications are accepted up to three months in advance of the renewal date and applicants are encouraged 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 or an advice letter. Initial applicants should also submit their applications well in advance of any potential timescale they may have internally.

Members are also reminded that the PCC is happy to receive, consider and feed back 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.

Areas for attesters to bear in mind

An attestation from an existing PC holder of the same type that the applicant is applying for is required for all initial applications.

There are two aspects to the attestation:

- That the work and experience set out on the applicant's form has been accurately and reasonably described by the applicant (it being the PCC's role to determine whether the work and experience is sufficient).
- That the applicant has the self-assurance and professional skills to carry out the role in question (this being a precis of the full attestation wording).

The attestation is an important part of the overall application process and the role of the PC holder making the attestation (i.e. the attester) is an important one. An attester is reminded that their conduct in providing an attestation is covered by the Actuaries' Code and the Disciplinary and Capacity for Membership Schemes.

As the PCC may contact the attester to discuss the basis of their attestation, it is recommended that a PC holder who is asked to make an attestation keeps a record or audit trail which evidences the reasoning they employed in making that attestation. This record should include the steps that the attester has taken to satisfy themselves in relation to the two attestation aspects set out above, and this record should be retained until the outcome of the application is known.

If a PC holder who has been asked to make an attestation is not satisfied as to either of the two attestation aspects set out above then no attestation should be provided. An attester is also free to add any additional comments to their attestation which the attester believe are relevant and would assist the PCC.

More information on providing an attestation for an initial application can be found at section 9 of the [PC Scheme](#).

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.

John Jenkins
Chair of the PCC



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