



EXAMPLE - FULL RENEWAL PRACTISING CERTIFICATE (PC) APPLICATION FORM

3. Demonstration of competencies

PLEASE NOTE

Read the [PC Handbook](#) and the relevant Competency Framework for the PC(s) which you are renewing before completing this section.

Under each of the competencies, you should provide details to explain how you continue to meet each of the competencies set out in the relevant Competency Framework.

If you are applying for more than one PC, please ensure you provide information relevant to each PC type by indicating which PC the information relates to.

This section of your application may be shared with the Practising Certificates Committee. It would therefore be helpful if you could try to avoid providing details that could allow you, your employer or the entity/syndicate/scheme you are describing to be identified.

3.1 Communication

All of the work described in this application has been completed since my last full renewal.

I am currently appointed as With-profits Actuary (WPA) to a medium-sized Life company. This role requires me to engage with a mix of different stakeholders, I therefore have to ensure that any written materials, reports, presentations and conversations are communicated at the appropriate level, given the different skill sets. It is important that all stakeholders understand the information presented and have the opportunity to ask questions which I am very open to. In presenting papers, I like to highlight and describe the key risks, areas of judgement and areas of limitations/uncertainty to ensure these are properly understood.

I recently produced and presented a report on the Part VII transfer of non-profit business into the main fund. I discussed and described the key points around security of policyholder's benefits, any changes in risk profile, capital management, governance, investment strategy etc. A supplementary report was subsequently produced to allow for updates since the original report. It was important that the WPC and other stakeholders reading this report understood all the areas that had been considered and the information that considerations were based on arriving at the stated conclusions.

3.2 Leadership/Accountability

As WPA I advise on all WP matters and through regular presentation of reports over the last two years, I have built strong relationships with the Board, WPC and executive management of the company and continue to build on those relationships. I provide training to any new Committee members to ensure they are fully up to speed and provide deep dives on relevant topics to the full WPC when there are issues that they need to understand more about. For example, I recently provided training to a new Committee member on the regulation of WP funds and how technical provisions are calculated.

I have direct management responsibility for a team of 5 actuaries who support me developing recommendations and advice which I then present at Board and Committee level. I take full accountability for my work at Board and Committee meeting, which involves answering detailed questions, being challenged on my rationale for arriving at particular judgements and sometime accepting actions to undertake further work.

I request annual feedback from all key stakeholders, as well as from the team that I lead, this helps to measure my effectiveness as a trusted adviser and colleague and provides an opportunity for constructive feedback, which I can then incorporate going forward.

I present various reports to the WPC and executive management, and I am often challenged on the advice and areas of discretion. For example, last year I was challenged on information I provided in relation to the approach to tax on shareholder transfers that was challenged previously by the WPC. This did take a couple of iterations through the WPC in order to get the committee members satisfied with the long-standing approach. I learnt from the initial attempt and acted on this to improve the presentation the second time round.

3.3 Professionalism

I recently provided challenge to the Investment team in a WP Hedge forum where I was uncomfortable with the amount of risk to WP customers within a hedging proposal. I challenged the team on their proposal to use a 50-year swap in order to bring the results back into tolerance when the lifetime of the fund was not 50 years. This would have exposed the WP fund to more interest rate risk due to the long nature of the swap. This challenge was received well, and the Investment team came back a month later with a more realistic hedging strategy which I was comfortable with.

As I perform a dual role of WP Actuary and Deputy Chief Actuary, I need to be very clear in which capacity I am acting when presenting to any of the boards or committees I attend to avoid any conflicts of interest that may arise. As a member of the Independent Governance Committee, I take care to ensure that my input is solely for the benefit of Group Pensions policyholders and Pathway Investors, regardless of the impact the committee's recommendations may have on company P&L or capital. I also take care to identify and declare where such policyholders may also be WP policyholders, for whom I have separate responsibilities (although in practice these rarely, if ever, conflict).

Over the last year, I have also engaged with the FCA and PRA in relation to with-profits matters underlying a large Part VII that the company is currently undertaking. In particular the regulators had challenged an element of the Part VII Scheme and wondered whether we were able to go further. I was able to explain that the reason I did not believe this to be the correct approach was because I felt that actually having more rigour would result in better customer outcomes and that we have to have the customer at the heart of all our decisions. I referenced the use of our run-off plans to ensure that we continue to provide good customer outcomes with the avoidance of a tontine as the funds run-off. The conclusion of the meeting was agreement from the FCA and PRA, and no changes were made to the Scheme.

There has been one occasion over the last three years where there was a difference in opinion within the WPC in respect to tax on shareholder transfer. I considered the issue from the different perspectives and through various discussions and two iterations of the committee meeting I was able to get the full committee to support the historic approach.

3.4 Knowledge, awareness and understanding

I have a number of years of experience in the life industry working in a range of roles, but over most recent years I have mainly been working in the with-profits area and therefore have detailed knowledge and understanding of with-profits business and products.

I maintain this knowledge by attending various CPD sessions each year, as well as to understand current issues in relation to with-profits matters to ensure my knowledge is up to date and I am aware of any future developments that may impact the fund. This includes keeping up to date with regulatory requirements, such as new Consumer Duty rules. I have attended a number of sessions over the last two years in particular in relation to the restructure/cessation of a WP fund, the future of WP business and challenges and opportunities in the Mutual Sector. I also maintain detailed knowledge of relevant FCA COBs rules as well as the outcomes of relevant thematic reviews such as the Long Standing Customers review and Fair Treatment of WP Customers Review.

In my role as WPA, I am responsible for monitoring and managing risks that may affect the fund and reporting on those to the WPC. This includes reporting on how to mitigate those risks to ensure minimal impact on policyholders, should the risk arise. I participate in the production of the annual ORSA report for the Group and am therefore familiar with the various risks to which the business is exposed. I maintain an awareness of internal developments through regular attendance at various committees and the receipt of Board papers.

3.5 Technical skills

Since my appointment as WPA two years ago, I have presented a number of reports to the WPC, including:

- an update on the fund run-off plan which reviewed the potential risks to the smooth run-off of the fund and whether any changes were required to the management of the fund to better mitigate these risks.
- quarterly recommended reversionary and terminal bonus rates based on the financial position of the fund. The update of the run-off plan mentioned above also contained a section on bonus distribution policy over the longer term, including the distribution of the estate.
- the appropriate allocation of expenses, including exceptional project related expenses, to the fund by reference to the expense agreement covering the fund.

I have provided written advice to the Board, With-profits Committee (WPC) and executive management of the company on all aspects of the exercise of discretion in respect of the with-profits fund. I have also presented a report to the Board and WPC on compliance with the PPFM which covered the exercise of discretion in the fund. More generally, the investment strategy report, bonus reports and run-off plan all consider the fairness to policyholders of the recommendations contained therein.

I have also reviewed the Solvency II results for the WP fund on a quarterly basis, including both the base balance sheet and SCR, and then presenting these results to WPC and Board.

Prepared annual reports to the WPC and Board that performs a comparison between the key aspects of the calculation of the SII technical provisions and the consistency of these with the PPFM, including the modelling of management actions.

Prepared the annual reports to policyholders for approval by the WPC and Board which sets out how we evidence compliance with the PPFM and provides details of any discretionary activity undertaken in the interest of fairness between different cohorts of policyholders. I have also reviewed other ad-hoc WP policyholder communication, for example, recently I was heavily involved in reviewing letters to certain WP policyholders about changes to their investment.

The fund is closed to new business and contains both conventional and unitised with-profits business. In the last year I reviewed reports prepared by my team on the appropriateness of the current surrender value bases by reference to asset shares. I have also advised my team on the approach to take in determining individual surrender values for a number on non-standard policies.

Since becoming WPA, I have reviewed the analysis of surplus produced at each quarter end and projections of the future capital position of the fund.

I have also been involved in the development and review of communications to policyholders about the management of their fund. This included ensuring the communications were clear and accessible to those policyholders.