



Institute
and Faculty
of Actuaries

Consultation:

Proposals for a new Practising Certificate Scheme

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A better, fairer, more effective PC Scheme

FOREWORD

Neil Buckley, Chair of Regulation Board



I am pleased to introduce this consultation from the Institute and Faculty of Actuaries (IFoA) setting out proposals for a new approach to Practising Certificates (PCs).

The PC Scheme sits at the heart of the IFoA's role regulating UK actuaries. It is the means by which IFoA Members are able to take on key UK actuarial roles, influencing decisions that have significant implications for consumers.

It is therefore essential, in the public interest, that the PC scheme is effective for the consumers that it seeks to protect as well as being appropriate and proportionate for Members.

We have identified a number of ways by which we believe the PC Scheme could be improved including changes that should make the process more efficient for Members.

This includes a move towards competency-based criteria that focus more on considering the skills and abilities of the applicant rather than a list of their experience of reserved work. The proposals include an emphasis on the initial application stage, with less focus on annual renewals. There would also be an enhanced system of support for Members throughout the different stages of the PC process, including the pathway to becoming a PC holder.

We are very keen to hear your thoughts and feedback on the proposals.

2 Background and Rationale

Current PC Scheme requirements

- 2.1** The PC Scheme is a key part of the IFoA's UK regulatory framework, setting out both the process and the requirements for Members applying for PCs when they are considering taking on the most senior, regulated, UK actuarial roles.
- 2.2** Decisions taken and advice given by PC Holders can have potentially significant implications for consumers. There is therefore a need to ensure that the actuary who holds them is 'fit and proper' with the necessary skills to be able to carry out that work¹.

What do the proposed changes try to achieve?

- 2.3** The IFoA's review has looked at the approach to, and process for, determining the suitability of candidates for PCs, including the criteria used in decisions to award PCs.
- 2.4** The objective is to ensure that the PC Scheme serves the public interest by being fair, effective, proportionate and user-friendly.
- 2.5** At all times, in carrying out the review, the IFoA have taken into account the need to balance the public interest in maintaining a robust PC process with the need to be fair and not have unnecessary barriers to members taking on those roles and work, the cost of which will ultimately be borne by consumers.

Has the Member perspective been considered in the proposed changes?

- 2.6** The review is the first substantive look at the IFoA's approach to the requirements and process for PCs, since 2010, and responds directly to feedback received on the operation of the current scheme.
- 2.7** We have also sought specific input from members from the beginning of the review. This included discussions with focus groups of members about the current PC Scheme and the testing of ideas and possible proposals with those same groups as well as surveys of PC Holders and employers of members.
- 2.8** As such, many of the changes that have been proposed are in direct response to the feedback received from members.

Do the proposed changes support diversity?

- 2.9** The IFoA has identified certain aspects of the PC Scheme where more might be done to promote diversity and that is reflected in the proposals.
- 2.10** In particular, feedback has highlighted that the current criteria, which are focused on recent, relevant experience of reserved work, can be more difficult to meet for certain groups, including those who may not have (recent) access to opportunities to be involved in that work.
- 2.11** The proposed changes also include a more flexible approach to the ways in which applicants can demonstrate competencies as well as changes to the decision making process, to make the process more transparent and fair.
- 2.12** The proposed changes should help to make sure that all candidates are provided with the same opportunities to obtain a PC.

¹<http://www.actuaries.org.uk/documents/practising-certificates-scheme>

SUMMARY OF THE PROPOSALS

In summary, the IFoA proposes the following changes:

- 1.** A greater focus on initial applications, with annual renewals becoming a 'lighter touch' process and fuller renewals required every three years.
- 2.** Replacement of the current requirements focused on recent relevant technical experience with competency-based criteria.
- 3.** Introduce a wider range of ways to assess competence, including an option for discussions and interviews with applicants.
- 4.** To change the attestation requirements either to widen the scope of who can attest to a candidate being 'fit and proper' so that it is not just restricted to existing PC Holders, or to remove the requirement entirely.
- 5.** Introduce requirements for all initial PC applicants to have sat the new UK Practice Modules within the two years before their PC application is made.
- 6.** Place more emphasis on the pathway to becoming a PC Holder, including more awareness and support for potential candidates (for example mentoring, specific CPD and materials, campaigns to promote awareness).
- 7.** To link the PC Scheme into the new IFoA Reflective Practice Discussions so that those considering applying for a PC are assisted in identifying any gaps in their skills and discuss their development plans.
- 8.** Introduce PC Holder specific CPD (including sessions, materials and toolkits) and consider whether to make them mandatory.
- 9.** Improve application and renewal processes to make them as user-friendly as possible and to ensure these are as fair and transparent as possible.

THE PROPOSALS

Less focus on annual renewals

2.13 The IFoA received feedback during its review about the frequency of, and the amount of work involved in, annual PC renewals.

2.14 It was felt that the current system might be disproportionate in terms of what was required from PC Holders each year to demonstrate that they were still appropriate individuals to be PC Holders. It is unlikely in practice that the circumstances of an existing PC Holder will change substantially from one year to the next.

2.15 Therefore, a proposal being considered is to place greater emphasis on the initial PC application and for the annual renewals to become a more 'lighter touch' process. We expect that this would involve confirming that there have been no changes in circumstances, that they still meet the criteria and to provide declarations around compliance with certain requirements.

2.16 A fuller renewal application would then be required every three years but it would not be as involved a process as for an initial PC application. We believe that this will provide a more proportionate and risk-based approach while still protecting the public interest in relation to these roles.

Replace the technical experience criteria with a competency based approach

2.17 The IFoA is committed to ensuring that the application process for a PC is fair and inclusive.

2.18 Therefore, it is proposed that the technical experience criteria for reserved roles are replaced with competency based criteria that set out the skills required for the different PC roles. The competency based approach would be a more effective measure of an applicant's ability to carry out a PC role.

2.19 The competencies would focus on the wider range of skills that are required for PC roles including professionalism and leadership in addition to the technical skills. In comparison to the current requirements, there would be less focus on the detailed technical skills requirement although technical competence would still be a core skill that would need to be demonstrated.

2.20 The competency based approach would take into account the competencies and skills that are expected by other relevant regulators that have an

interest in the regulation of those PC roles (such as the Financial Conduct Authority, Prudential Regulation Authority, the Pensions Regulator and the Lloyd's market).

2.21 The competencies would be set out in competency/skills frameworks for the different PCs.

Wider methods to assess competency

2.22 As part of the process to assess whether an applicant is 'fit and proper' to be a PC Holder, we are proposing that there could be a role for interviews and/or discussions with certain (but not necessarily all) applicants.

2.23 This would be carried out in certain occasions to understand more about the applicant and the information they have provided.

2.24 This approach might also be used where it is more helpful for an applicant to explain how they meet the competency requirements at a meeting, rather than trying to capture this in a form.

Removal or broadening the scope of the attestation requirement

2.25 Under the current PC Scheme, an attestation is required from an existing PC Holder who can attest to a candidate being a 'fit and proper and suitable person' to hold a PC².

2.26 We have a concern about the possible impact of this requirement, which may be difficult to meet for some potential applicants, particularly where they do not have a working relationship with another PC Holder.

2.27 To address this concern, it is proposed to either remove the attestation requirement entirely or if this requirement is retained, to broaden it so that a character reference (linked to the competencies) is obtained from an appropriate individual. This could be a non-actuary.

UK Practice Modules for new PC applications

2.28 All new applicants for PCs will be required to complete the new online UK Practice Module (UKPM) relevant to the PC in the two years before applying for a PC. This will extend to all Members, including those who qualified prior to 2005³.

2.29 This is to ensure that new applicants have a sound grounding in relevant UK practice and regulation.

²<http://www.actuaries.org.uk/documents/practising-certificates-scheme>

³The current PC requirements do not require a pass in the UKPM for those who qualified prior to 2005.

2.30 For those individuals who have for example taken a career break, there will be specific requirements in place if they have not been a PC Holder for a certain amount of time. The timeframe within which they will be required to sit the new online UKPM will be confirmed after the consultation.

2.31 More information on the new UKPM will be published by the IFoA shortly.

More emphasis and support on the pathway to becoming a PC Holder

2.32 The IFoA recognises that at present there are no specific arrangements in place to support those individuals considering applying for a PC although the IFoA is aware that support is often provided by their employer.

2.33 Therefore, it is proposed that the IFoA will enhance its efforts to provide more support and raise awareness of the path to becoming a PC Holder at an earlier stage of an actuary's career.

2.34 This could be achieved by way of a number of different methods such as more relevant and specific CPD; campaigns to promote awareness; and mentoring.

2.35 To provide further support to potential candidates, it is proposed that the requirements of the PC Scheme to be a PC Holder should be linked into the new IFoA Reflective Practice Discussions⁴. This would provide the opportunity for those considering applying for a PC to have assistance in identifying any gaps in their skills and discuss their development plan.

Retain the current CPD requirements for PC Holders or replace with PC Holder specific CPD

2.36 As part of the review, the IFoA received feedback that there could be more focus on specific support around CPD.

2.37 It is proposed that the current additional CPD requirements for PC Holders⁵ (set out in the PC Scheme) could be replaced or complemented with a requirement to carry out specified mandatory CPD

for PC Holders. This could for example include attending specific events and/or the completion of specially designed online modules. This would have the benefit of ensuring that all PC Holders receive targeted core support and learning. This would however allow less flexibility to individual PC Holders to follow their own personalised CPD programme.

2.38 Instead of specific mandatory learning, we could instead simply focus on producing more relevant but optional CPD opportunities and content such as events, toolkits and materials, but leave to individual PC Holders to determine the content that is most relevant to them and their specific PC role.

2.39 It should be noted that it is not proposed that there will be any change to the CPD exemption for PC Holders within scope of the Quality Assurance Scheme (QAS) CPD Scheme⁶. Therefore, PC Holders employed by QAS organisations that are within the scope of the QAS CPD Scheme will still be exempt from the additional 15 hour CPD requirements for PC Holders under the PC Scheme⁷. This does not extend to PC Holders employed by QAS accredited organisations where they have *not* elected to be part of the QAS CPD Scheme.

More focus on providing support to PC Holders

2.40 The IFoA proposes to enhance support for PC Holders in the following ways:

2.41 There would be an enhanced offering of CPD opportunities which would be tailored to PC Holders such as new developments in relevant areas; new products; regulatory changes; new techniques; and areas of risk or concern.

2.42 The IFoA could produce more regular relevant learning materials and could work with relevant regulators in producing them.

2.43 The IFoA could also provide specific support which would allow PC Holders to access support on specific issues.

2.44 The IFoA recognises that not all PC Holders have access to the same network and therefore a mentoring system could be introduced or integrated

⁴https://www.actuaries.org.uk/system/files/field/document/2020_10_05%20Reflective%20Practice%20Discussion%20Information%20-%20FOR%20PUBLICATION%20v2.pdf

⁵PC Holders are currently required to carry out an additional 15 hours of CPD related to the PC role – compliance with this is a requirement to hold a PC.

⁶The QAS CPD Scheme is an alternative QAS Scheme available to QAS accredited organisations. PC Holders within the scope of the QAS CPD Scheme are currently exempt from the additional requirement for 15 hours of CPD set out in the PC Scheme. More information on the QAS CPD Scheme can be found here:

<https://www.actuaries.org.uk/system/files/field/document/Scheme%20Guide%20FINAL.PDF>

⁷https://www.actuaries.org.uk/system/files/field/document/2021_03_29%20FAQS%20FOR%20PUBLICATION%20v4.pdf

into the existing 'Appropriate Persons' Pool⁸ system, which would connect individuals to experienced actuaries who either hold or have held PC roles.

2.45 Reflective Practice Discussions could be used to support PC Holders in identifying areas of development, and overall to encourage continuous learning and development.

General improvement of processes

2.46 The IFoA recognises that there are opportunities to improve the PC Scheme process to mitigate the risk of adverse outcomes and improve the member experience.

2.47 The review indicated that improvements could be made to the governance of the PC Scheme to ensure that it is as transparent and open as possible.

2.48 It is proposed that there should be increased transparency of decision making, as well as further steps taken to preserve confidentiality. This would include the introduction of anonymity in the process so that applications are anonymised when they are presented to those making decisions; improved appeals process; improvements to the diversity of PCC Panels involved in the decision making; and diversity monitoring activities.

2.49 It is also proposed that the requirement to undertake Identity and Basic Criminal Record Checks should be removed. These are currently required to validate the declarations made by the applicant. These would no longer be required upon the basis that there are already adequate safeguards in place as part of the overall membership process. Instead we will rely upon declarations and disclosures made in the application process.

2.50 The IFoA currently may issue a PC with restrictions where the applicant does not meet the technical criteria to be awarded a full PC. This is usually the case where a candidate does not meet the full technical experience requirements – often because they have experience of only a limited area of that

work. It is proposed that this is removed as it would not be necessary or appropriate to have restricted PCs with a competency based approach as applicants will need to show that they have the competencies to do the role, rather than that they have the technical experience of doing it.

Potential Integration of PC Scheme with QAS organisations

2.51 The IFoA is also considering, as part of the proposals, the scope for interaction between the PC Scheme and the Quality Assurance Scheme (QAS) accreditation for organisations.

2.52 This would be to recognise that, through the QAS process, the IFoA has assessed QAS accredited organisations as meeting a range of outcomes relating to the working environment for and professional development of its actuaries and that there are potential efficiencies that might be achieved.

2.53 The IFoA is not at this stage setting out specific proposals as to how that integration might be given effect, but this could range from a reduced frequency of renewals for PC Holders within a QAS organisation to something that involves the organisation having a prescribed (but limited) role in the assessment and recommendation of individuals to take on PC roles.

2.54 Any such integration would be on the basis that such organisations would be subject to IFoA assessment of the processes and procedures in place to ensure suitable individuals are appointed to PC roles. The IFoA would also reserve the ability to decide suitability (for example to veto appointments). It is also anticipated that this would be a voluntary option for QAS organisations.

2.55 Views on the principle of integration with QAS are welcomed, as are suggestions as to how that might work in practice. We also welcome views on other possible ways in which the PC Scheme could be integrated with QAS.

⁸https://www.actuaries.org.uk/system/files/field/document/IFoA%20Appropriate%20Person%20Pool%20-%20member%20-%20Scope%20of%20role_0.pdf

3 Regulatory Impact Assessment

- 3.1 The proposals will impact Members who are currently in, or may be considering taking on, one of the roles for which a PC is required and other individuals who may want to apply for a PC for other reasons, and those that may potentially apply for a PC in the future.
- 3.2 The aim of the proposed changes is so that the PC Scheme will provide a more effective and fairer way for Members to obtain and retain a PC while continuing to safeguard the public interest.
- 3.3 From the proposed changes, the IFoA expects that individuals who have the capabilities to carry out one of the PC roles but are currently unable to meet the strict technical criteria should be able to draw upon wider experiences and training to show how they are suitable candidates to hold a PC.
- 3.4 Whilst PCs will remain mandatory for the relevant roles, it will be open to other Members to apply for a PC even if they do not plan on taking on a role for which a PC is required. As long as the Member is competent and meets the IFoA's standards, the reason for seeking a PC or whether it will be used in practice should not matter.
- 3.4 It is anticipated that the proposed changes will result in a simplified PC Scheme so that it is more clear and transparent. This will include making the requirements more clear and straightforward with fewer detailed requirements, and clearer guidance.
- 3.5 A single PC Scheme would be retained for all PCs but with different competency frameworks developed for each PC.
- 3.7 Although current PC Holders will need to think slightly differently about how they demonstrate their competencies, it is expected that they will be able to meet the requirements under the Scheme. For example, they will be able to refer to their experience in a PC role in support of their application, but will need to explain how that experience demonstrates the required competencies.
- 3.8 There will likely be more emphasis on specific CPD being carried out, which may affect how PC Holders will meet their additional CPD requirements.
- 3.9 The proposed changes would mean that there will be more support provided to Members on the pathway to obtaining a PC as well as to PC Holders.
- 3.10 There would be arrangements made to ensure that the transition period would, so far as possible, cause minimal disruption to Members (and their employers) in adapting to the requirements of a new PC Scheme. Changes will be published well in advance of them coming into effect to allow ample time for Members to become familiar with the new requirements.
- 3.11 The expectation is not that existing PC Holders will need to re-apply for their PC at the point the changes come into effect, but rather that their next scheduled renewal will be under the new system.
- 3.12 Therefore, whilst the IFoA recognises that some time and flexibility would be required for Members and employers to adjust to any changes, the IFoA believes that the changes proposed are proportionate to the overall objective to make the PC Scheme better, fairer and more effective. It should also be a much simpler, worthwhile process for applicants and existing PC Holders.

4 Consultation

1. To what extent to you agree or disagree that the proposed changes will improve the PC Scheme?

Strongly Agree		Disagree	
Agree		Strongly Disagree	

Please provide any reasons or further explanation for your response here:

2. To what extent do you agree with the proposal to have a greater focus on initial PC applications with a 'lighter touch' process for annual renewals of PCs and a fuller renewal application required every three years?

Strongly Agree		Disagree	
Agree		Strongly Disagree	

Please provide any reasons or further explanation for your response here:

3. To what extent do you agree with the proposal to replace the technical experience focused criteria for reserved roles with a competency-based criteria?

Strongly Agree		Disagree	
Agree		Strongly Disagree	

Please provide any reasons or further explanation for your response here:

4. To what extent do you agree with the proposal to introduce scope for a wider range of ways to demonstrate competency, in particular interviews and/or discussions with applicants?

Strongly Agree		Disagree	
Agree		Strongly Disagree	

Please provide any reasons or further explanation for your response here:

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5. Do you have any suggestions on how competency should be objectively assessed to ensure that an applicant is suitable to carry out a PC role?

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6. Which of the following do you most agree with in relation to the proposals to change the attestation requirements (you can select more than one option)?

The attestation should be removed entirely.	
The attestation should be retained in some form. If you think the attestation should be retained, do you think that this should be:	
(i) Unchanged from the current attestation requirements (from a PC Holder only).	
(ii) Broadened but still provided by an actuary (not necessarily a PC Holder).	
(iii) Broadened to include a non-actuary.	
(iv) Provided by an applicant's employer.	
Other (please specify):	

Please provide any reasons or further explanation for your response here:

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7. To what extent do you agree with the proposals that the IFoA will provide more support (as outlined) to Members that are: (i) considering becoming a PC Holder; (ii) applying for a PC; or (iii) PC Holders?

Strongly Agree		Disagree	
Agree		Strongly Disagree	

Please provide any reasons or further explanation for your response here:

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8. In relation to the proposals for CPD for PC Holders, which of the following proposals do you most agree with (please select one option)?

Replace/complement the current additional 15 hours CPD requirements with specific mandatory CPD	
Retain the current 15 hour CPD requirements but introduce more relevant CPD opportunities	
Retain an additional hours requirement for CPD but with fewer than 15 hours required and introduce more relevant CPD opportunities	
Retain an additional hours requirement for CPD but with more than 15 hours required and introduce more relevant CPD opportunities	

Please provide any reasons or further explanation for your response here:

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9. To what extent do you agree that further consideration should be given to the possible integration of the Quality Assurance Scheme (QAS) accreditation and the PC Scheme?

Strongly Agree		Disagree	
Agree		Strongly Disagree	

Please provide any reasons or further explanation for your response here:

10. In relation to the possible integration of the Quality Assurance Scheme (QAS) accreditation and PC Scheme, please provide your suggestions of how this could be achieved, including the reasons for your suggestions?

11. [FOR EXISTING PC HOLDERS ONLY] Are there any particular issues that you would like to raise or suggestions that you would like to make in relation to the transition from the current PC Scheme to the new one?

12. Are there any aspects of the PC Scheme that you think have been overlooked in these proposals including any additional or alternative ideas about how the IFoA ought to operate the PC Scheme?

13. If you wish to provide any other feedback not already covered then please do so here:

5 Questionnaire

1. Personal information

Name:	
Position:	

2. Region

UK		India	
Republic of Ireland		Asia - other	
Rest of Europe		Canada	
South Africa		USA	
Africa - other		South or Central America	
South East Asia		Australia	
Hong Kong		Oceania - other	
China			

3. Are you a Member of the IFoA?

Yes		No	
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4. If yes, which category of membership do you hold?

Affiliate		Honorary Fellow	
Associate		Retired	
Certified Actuarial Analyst		Student	
Fellow		Student Actuarial Analyst	

5. If you are an actuary, what is your main practice area? (Answer one option only)

Life Assurance		Enterprise Management	Risk	
General Insurance		Health and Care		
Pensions		Resource Environment	and	
Finance and Investment		Other		

6. Do you want your name to remain confidential?

Yes		No	
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7. Do you want your comments to remain confidential?

Yes		No	
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8. About your organisation (if applicable)

Name:	
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10. Type of organisation (Answer one option only)

Actuarial consultancy		Public body or Regulator	
Insurance company or reinsurer		Educational Establishment	
Bank or Building Society		Not applicable	
Investment Firm		Other	

If other, please comment:

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11. How many IFoA Members (if any) does your organisation employ?

None		101+ Members	
2-10		Sole practitioner	
11-50		Don't know	
51-100		Not applicable	

12. Do you want the name of your organisation to remain confidential?

Yes		No	
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13. Do these comments represent your own personal views or your organisation's views?

Personal views		Organisation's views	
Both personal views and organisation's views			

6 How to respond to this Consultation

1. The deadline for responses is 1 July 2021.
2. Responses should be provided through the online questionnaire found on the IFoA's website at <https://www.actuaries.org.uk/upholding-standards/regulatory-communications-and-consultations/current-consultations>

We would strongly encourage responses via the online questionnaire. However, if there are reasons that you cannot complete it online you can provide a response to regulation@actuaries.org.uk.

3. Please mark any emails with the clear reference 'PC Review'. Please also try to answer the questions as set out in the online questionnaire.
4. Please also indicate whether you wish any of the information you supply in your response to be treated confidentially. Unless you so indicate, we may make responses to this consultation paper available on our website at www.actuaries.org.uk.
5. Once the consultation has closed, the IFoA will reflect upon the feedback and publish more

specific details of any changes. Members and other interested stakeholders will be given an opportunity at that stage to raise any fatal flaw objections. There will also be a period allowed before the changes come into effect so that those affected can take steps to ensure they are able to comply with the new requirements.

6. Virtual consultation meetings are being held on 27 May and 30 June. We encourage Members and interested stakeholders to join to discuss and comment on these proposals. The details for signing up to these meetings are available online: <https://www.actuaries.org.uk/upholding-standards/regulatory-communications-and-consultations/current-consultations>
7. The meetings will be recorded and uploaded onto our website. In advance of a meeting we would invite Members who are unable to join to provide questions or issues for discussions by email. Please clearly mark your correspondence as being a question/issue for the consultation meeting. Please note that for practical reasons it may be the case that not all questions or issues can be dealt with at the meeting.



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