



## Society of Actuaries in Ireland

### **RULES RELATING TO CERTIFICATES TO ACT AS AN APPOINTED ACTUARY TO A LIFE ASSURANCE COMPANY**

The Council, in accordance with the Regulations relating to Practising Certificates pursuant to Article 46 (formerly Article 39) of the Articles of Association, requires all members who hold the position of appointed actuary to a life assurance company, pursuant to statutory requirements or regulatory requirements or guidelines, to possess a certificate issued by the Society of Actuaries in Ireland ("Society").

The requirements for obtaining or renewing a certificate are that the applicant must:

- (a) be a Fellow Member of the Society;
- (b) have had either:
  - (i) a minimum period of five years holding the qualification on the basis of which Fellow Membership of the Society is held; or
  - (ii) a minimum period of eight years' practical actuarial experience;
- (c) have demonstrated compliance with Actuarial Standard of Practice PA-1 Continuing professional development during the twelve month period ending on the previous 30 June;
- (d) have recent appropriate practical experience (guidance relating to the appropriate practical experience that would normally be considered acceptable is set out overleaf);
- (e) certify that he or she has the appropriate knowledge and practical experience for the role of Appointed Actuary;
- (f) have attended a Professionalism Course, unless the applicant held the qualification on the basis of which Fellow membership of the Society is held on or before 1 July 1992, and have subsequently attended a Professionalism Event or Events in accordance with the requirements of Actuarial Standard of Practice PA-1;
- (g) for the purposes of an initial application, obtain references from two actuaries operating in the same practice area as the applicant; one of the referees should be external to the applicant's practice or firm, but in exceptional circumstances the Practising Certificate Committee may waive this requirement; and
- (h) in the opinion of the Practising Certificate Committee be an appropriate person.

In deciding whether an applicant is an "appropriate person", the Practising Certificate Committee will have regard to such matters as:

- (i) convictions (other than under the Road Traffic Acts) by any Court in the Republic of Ireland or elsewhere;
- (ii) censuring, discipline or public criticism by any professional body, dismissal from any office of employment or refusal of entry to any profession or occupation in the Republic of Ireland or elsewhere or refusal of any practising certificate application;
- (iii) being adjudged bankrupt by a Court in the last 10 years in the Republic of Ireland or elsewhere;
- (iv) failure at any time to satisfy any debt adjudged to be due and payable under an order of a Court in the Republic of Ireland or elsewhere;
- (v) in connection with the formation or management of any body corporate, insurance company or pension fund being adjudged by a Court in the Republic of Ireland or elsewhere to be civilly liable for any fraud or other misconduct towards such a body, company or pension fund or towards any member thereof;
- (vi) being associated as a director or a controller in the Republic of Ireland or elsewhere with any body corporate or insurance company which has been compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not received full settlement of their claims, either while the applicant was associated with it or within one year after the applicant ceased to be associated with it; and
- (vii) being associated as actuary with an insurance company which, in the last five years, was subject to judicial proceedings, quasi-judicial proceedings or litigation where actuarial involvement has been questioned.

A certificate will normally be one of two types: (a) including with-profits business or (b) not including with-profits business. Alternatively, an applicant may apply for a certificate that is specific to a particular life assurance company.

Details of relevant experience must be provided when making an initial application for a certificate and every three years thereafter when renewing the certificate, or if a change in the scope of a certificate is required (e.g. from a certificate not including with-profits business to one including with-profits business). If a renewal application is not received at least fourteen days before the expiry date of a certificate, the applicant will be required to complete an initial, rather than a renewal, application form.

Certificates issued from 1<sup>st</sup> December 2016 will be valid until 31<sup>st</sup> December 2018, or such earlier date as the member advises the Society that he/she is no longer compliant with the requirements for the Certificate. Members are required, in accordance with the Undertaking included in the application form, to notify the Society immediately if the answers which they gave to any of the questions in the application form are no longer valid or if they are no longer able to certify in relation to any of the Certificates covered in the application form.

Enquiries regarding certificates, including requests for application forms, should be addressed to the Secretary, Practising Certificate Committee, Society of Actuaries in Ireland, Clanwilliam House, Clanwilliam Place, Dublin, 2.

## **GUIDANCE RELATING TO APPROPRIATE PRACTICAL EXPERIENCE FOR APPOINTED ACTUARIES TO LIFE ASSURANCE COMPANIES**

Any actuary, before accepting an appointment as an Appointed Actuary, must consider most carefully, in the light of his or her knowledge and experience, whether acceptance would be in line with proper professional behaviour and standards. No actuary should act as an Appointed Actuary without appropriate knowledge and practical experience relevant to the company concerned, including as to features relating to the location of its markets and to the nature of the products underwritten.

An applicant should normally be able to demonstrate the equivalent of three years' full-time experience as a Fellow Member in the last six years dealing with most of the following types of work at a level where he or she has worked closely with an existing Appointed Actuary or an actuary at an equivalent level:

- (i) analysing the factors affecting the risks undertaken by a long-term business insurer, and otherwise contributing to the effective implementation of risk management processes;
- (ii) advising on the appropriate pricing basis for long-term insurance contracts, including applicable options;
- (iii) determining the requirements for capital (both current and future) and a fair return on the capital employed and the possible range of future capital needs under expected and stressed scenarios;
- (iv) assessing the sufficiency and quality of the data used in valuing liabilities;
- (v) addressing, in the valuation of liabilities, issues arising from insufficiency of data of appropriate quality;
- (vi) determining the appropriate bases, methodologies and assumptions to be used in valuing assets and liabilities;
- (vii) determining bases for calculating unit prices and for making provision for taxation in unit prices and analysing appropriate ways of achieving equity between different groups of policyholders;
- (viii) determining appropriate reinsurance arrangements and impacts on reserves;
- (ix) analysing asset liability matching requirements and advising on investment strategy;
- (x) setting up a new life assurance operation;
- (xi) determining the value to the shareholders of a long-term business insurer.

Where the applicant expects to act as Appointed Actuary to a company that writes or intends to write or has an in-force portfolio of business which includes investment guarantees which the applicant considers to be material<sup>1</sup>, the experience should additionally include at least one year's experience in:

- (xii) determining the appropriate bases, methodologies and assumptions to be used in the calculation of reserves for business which includes material investment guarantees, including the application of any guidelines issued by the Central Bank of Ireland;
- (xiii) analysing financial risk mitigation techniques, including hedging of investment guarantees using derivatives or reinsurance structures, and allowing for such techniques in the calculation of reserves.

For a certificate including with-profits business, the experience under items (i) to (xi) above should relate to with-profits business and should additionally include:

- (xiv) analysing appropriate ways of determining bonus distribution policy and of achieving equity between different groups of policyholders;
- (xv) determining the basis for calculating surrender values and the terms for other policy alterations;
- (xvi) determining the financial strength and bonus earning capacity of a with-profits insurer.

A minimum of one year's recent relevant experience relating to Irish life assurance business will be required.

Actuaries are reminded of the requirements of the [Code of Professional Conduct](#), and, in particular, amplification 2.3(a) thereto.

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<sup>1</sup> "Material" for this purpose could include, for example, investment guarantees giving rise to  
(i) current liabilities (gross of reinsurance), or  
(ii) projected liabilities (gross of reinsurance) within the following three years,  
which represent 10% or more of total liabilities. If in doubt as to whether investment guarantees are material, please contact the Secretary of the Practising Certificate Committee.