

## Questionnaire

We invite your comments on the above proposals. It would be helpful if you would provide your comments by responding to the following questions.

An online version of the questionnaire can be found on the IFoA's website at: <http://www.actuaries.org.uk/regulation/pages/consultations-and-discussion-papers>. In order to analyse efficiently the results, survey respondents are encouraged to complete the online survey – even if you need to leave some fields blank. We do appreciate that some respondents will wish to respond in an alternative form. If you choose to respond in that way, we may contact you to request an electronic version of your response. Our email address is [croconsultation@actuaries.org.uk](mailto:croconsultation@actuaries.org.uk)

### **The following questions about you help us understand who our respondents are.**

#### 1. About You

|               |   |
|---------------|---|
| Name          | Society of Actuaries in Ireland ERM Committee |
| Name of Firm  | N/A   |
| Position held | N/A   |

#### 2. Are you a member of the Institute and Faculty of Actuaries?

|     |     |    |  |
|-----|-----|----|--|
| Yes | Yes | No |  |
|-----|-----|----|--|

#### 3. Do you want your name to remain confidential?

|     |    |    |
|-----|----|----|
| Yes | No | No |
|-----|----|----|

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

|     |    |    |
|-----|----|----|
| Yes | No | No |
|-----|----|----|

#### 5. Do you want your comments to remain confidential?

|     |    |    |
|-----|----|----|
| Yes | No | No |
|-----|----|----|

#### 6. If you are a member of the Institute and Faculty of Actuaries, which category of membership do you hold?

|           |     |                             |  |
|-----------|-----|-----------------------------|--|
| Student   | Yes | Honorary Fellow             |  |
| Affiliate |     | Student Actuarial Analyst   |  |
| Associate |     | Certified Actuarial Analyst |  |
| Fellow    | Yes |                             |  |

**7. What is your practice area? ( If more than one, please indicate all that apply)**

|                        |     |                 |     |
|------------------------|-----|-----------------|-----|
| Life                   | Yes | Health and Care |     |
| General Insurance      | Yes | Education       |     |
| Pensions               |     | Retired         |     |
| Finance and Investment |     | Other           | Yes |
| Risk Management        | Yes |                 |     |

**8. Do you hold a Practising Certificate issued by the Institute and Faculty of Actuaries?**

|     |  |    |    |
|-----|--|----|----|
| Yes |  | No | No |
|-----|--|----|----|

**9. If yes, which area of practice does it cover?**

|          |  |
|----------|--|
| Pensions |  |
| Life     |  |
| Lloyd's  |  |

**10. What is the name of your organisation (if applicable)?**

|      |                                 |
|------|---------------------------------|
| Name | Society of Actuaries in Ireland |
|------|---------------------------------|

**11. What type of organisation do you work for?**

|   |  |                 |       |
|---|--|-----------------|-------|
| Actuarial Consultancy   |  | Investment Firm |       |
| Insurance Company   |  | Other           | Other |
| Bank  |  |                 |       |
| If other, please comment:   |  |                 |       |
| The Society of Actuaries in Ireland is the professional body for actuaries practising in Ireland. Most members of the Society are also members of the Institute and Faculty of Actuaries, and some perform work for UK-regulated entities. This response was prepared by the Society's ERM Committee. It represents the views of the members of the Committee, who come from a range of backgrounds, including life insurance, non-life (re)insurance, accounting firms, actuarial consultancies, banking and academia. |  |                 |       |

**12. If your organisation is an actuarial consultancy, what is the size of your organisation?**

|                             |  |                             |  |
|-----------------------------|--|-----------------------------|--|
| Sole practitioner           |  | 26-40 Fellows or Associates |  |
| 2-10 Fellows or Associates  |  | 40+ Fellows or Associates   |  |
| 11-25 Fellows or Associates |  |                             |  |

**13. Do these comments represent your own personal views or your organisation's views?**

|                |     |                      |  |
|----------------|-----|----------------------|--|
| Personal views | Yes | Organisation's views |  |
| Both           |     |                      |  |

**The following questions relate to your views on the consultation paper**

**14. Do you agree with the proposal to introduce a voluntary Practising Certificate to be available to IFoA members holding the PRA approved Chief Risk Officer role in Life and non-Life insurance undertakings?**

| Yes   | Yes | No |  |
|---|-----|----|--|
| <p>We agree with the proposal and consider the concept of a CRO Practising Certificate as a positive development. The introduction of Certificates will promote Actuaries as CROs and provide assurance for Boards that Certificate holders <u>may reasonably be considered to</u> have the appropriate skills to perform the role of CRO. We suggest that the following points be considered:</p> <ul style="list-style-type: none"> <li>• Section 2.2 identifies a motivation for the introduction of Certificates as being to assist Boards with the assessment of potential CROs. However, Section 2.1 suggests that applicants must already be an approved CRO. This may result in a “chicken and egg” situation.</li> <li>• As the scheme is voluntary, will a Fellow be required to declare where a Certificate has been refused?</li> <li>• Section 2.2 states that “...unlike the Chief Actuary role, there will also be many who are not IFoA members carrying out this role”. This does indeed support “voluntary” certification. However, the argument should be used cautiously. In a Solvency II world, the same logic may require that Certificates for the Chief Actuary role should also be voluntary.</li> <li>• We suggest that you clarify at an early stage if the scheme will be made available to CROs of <b>branches</b> of PRA regulated entities benefitting from Freedom of Establishment.</li> <li>• If Certificates are expanded to include CROs in non-PRA regulated undertakings, new transitional measures for CPD will be required.</li> </ul> |     |    |  |

**15. Do you agree that if the IFoA introduces a Chief Risk Officer Practising Certificate, the IFoA proposals should be aligned with the PRA's approved person regime?**

| Yes | Yes | No |  |
|-----|-----|----|--|
|     |     |    |  |

16. Do you agree that where members perform more than one Solvency II role there should be a process of dual approval resulting in two Practising Certificates?

|   |     |    |  |
|---|-----|----|--|
| Yes   | Yes | No |  |
| Mindful of professional conduct standards, it may be prudent to explicitly consider conflicts of interest that may arise when performing more than one role, and how those conflicts are managed. The potential for conflict should be considered as part of the process for awarding Certificates. |     |    |  |

17. Do you agree that we should review the geographical extent of the proposal within 3 years once the approach of other European regulators is clearer?

|  |  |    |    |
|--|--|----|----|
| Yes  |  | No | No |
| The geographical extent of the proposal should be reviewed <b>annually</b> for the first 3 years, to ensure that consequences which are unintended for CROs in other territories are given due and timely consideration. |  |    |    |

18. Do you agree that any Chief Risk Officer Practising Certificate should be renewed annually as in the existing regime?

|     |     |    |  |
|-----|-----|----|--|
| Yes | Yes | No |  |
|     |     |    |  |

19. Do you agree that PRA approved Chief Risk Officers should be required to undertake additional Continuing Professional Development (CPD) in line with other IFoA members who hold a Practising Certificate?

|     |     |    |  |
|-----|-----|----|--|
| Yes | Yes | No |  |
|     |     |    |  |

20. Do you agree with the proposed CPD transitional arrangements for members taking up responsibility for the Chief Risk Officer role for the first time?

|  |  |    |    |
|--|--|----|----|
| Yes  |  | No | No |
| We agree with most of the proposals. However, further consideration should be given to the arrangements that will apply if and when the scheme is expanded to include CROs in non-PRA regulated undertakings. New transitional measures for CPD will be required so as not to disadvantage some Members. |  |    |    |

21. Do you agree with our conclusion that the PRA approved Chief Risk Officer role will often be performed by Fellows of the IFoA?

|     |     |    |  |
|-----|-----|----|--|
| Yes | Yes | No |  |
|     |     |    |  |

22. Do you agree that a Chief Risk Officer Practising Certificate issued by the IFoA would provide support to insurance company boards in their assessment of fitness and propriety as required by PRA?

|     |     |    |  |
|-----|-----|----|--|
| Yes | Yes | No |  |
|     |     |    |  |

**The following questions relate to the proposed generic criteria**

23. Do you agree with the proposed generic criteria for Chief Risk Officer Practising Certificates?

|  |  |    |    |
|--|--|----|----|
| Yes  |  | No | No |
| We agree with the generic criteria. However, consideration should also be given to avoiding any duplication of requirements that may be imposed by the PRA's own fitness and probity requirements. |  |    |    |

24. Do you agree that the proposed Chief Risk Officer Practising Certificate should only be issued to Fellows of the IFoA?

|     |     |    |  |
|-----|-----|----|--|
| Yes | Yes | No |  |
|     |     |    |  |

- 25. Do you agree that the holder of an IFoA Chief Risk Officer Practising Certificate should attest to the professional suitability of the applicant to fulfil the role of a Practising Certificate holder?**

| Yes  | No | No |
|--|----|----|
| <p>Fulfilment of the CRO role requires a wide range of skills. Therefore, the duty of the individual attesting requires more judgement than might be the case for more technical actuarial roles. Consequently, much is being asked of individuals to attest to the suitability of others. This may initially create a significant barrier to the scheme “getting off the ground”.</p> <p>Several years may be required before a critical mass of CROs attain Certificates. As a result, it may be necessary to introduce “partial” Certificates or some other category of Certificate initially. On a similar note, the 1 year transition period is unlikely to be sufficient.</p> <p>Consideration may have to be given to the recognition of the views of those who practice risk management but are not members of the IFoA. Furthermore, the views of those who benefit from risk management practices could also be considered including Directors, CEOs, CUOs, CFOs and others. This will result in a more rounded assessment of an applicant’s ability to see ‘the bigger picture’, interact appropriately at Board level and effectively challenge the business.</p> <p>Ultimately, to manage conflicts of interest, and consistent with good risk management, ideally <b>two or more</b> individuals should attest to the professional suitability of the applicant.</p> |    |    |

- 26. Do you agree with the proposed transitional arrangements to relax the attestation of suitability so that for the first year this can be given by any Fellow with 5 years post qualification experience (provided that the attester is not a person over whom the applicant has influence in the workplace)?**

| Yes  | No | No |
|--|----|----|
| <p>We agree with the proposal but a transition duration of 1 year may not be sufficient.</p> |    |    |

- 27. Do you agree that the applicant should be required to undergo credit and criminal record checks as considered necessary to ascertain their fitness and propriety?**

| Yes   | Yes | No |  |
|---|-----|----|--|
| <p>We agree with the proposal subject to consideration being given to avoiding any duplication of requirements that may be imposed by the PRA’s own fitness and probity requirements.</p> |     |    |  |

**The following questions relate to the proposed technical criteria**

**28. Do you agree with the proposed technical criteria in general?**

| Yes  | No | No |
|--|----|----|
| <p>The criteria outlined focus on technical abilities to measure and model risks. Greater consideration should be given to the independent oversight role of the CRO and the ability to challenge business decisions from a “second line” perspective. Consideration should also be given to additions in relation to:</p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Risk culture</li> <li>• Regulation, conduct and compliance risk</li> <li>• Strategic risk</li> <li>• Emerging risk</li> <li>• Contingency planning</li> <li>• Credit risk</li> </ul> |    |    |

**29. Do you agree that all applicants should demonstrate that they have sufficient breadth of recent work experience within risk management (with recent being defined as not more than 10 years ago); and that they have relevant experience, post qualification, in 3 of the last 4 years and in 3 of the last 12 months which will enable them to fulfil the requirements of the risk management articles?**

| Yes | Yes | No |  |
|-----|-----|----|--|
|     |     |    |  |

**Do you agree that the breadth of experience should include experience in all or almost all of the technical areas listed in questions 30-37 as described in the consultation paper? Please comment on each.**

**30. ERM Concept and Framework**

| Include in technical criteria? |     |    |  |
|--------------------------------|-----|----|--|
| Yes                            | Yes | No |  |
|                                |     |    |  |

**31. ERM Process**

| Include in technical criteria? |     |    |  |
|--------------------------------|-----|----|--|
| Yes                            | Yes | No |  |
|                                |     |    |  |

**32. Risk Categories and Classification**

|                                |     |    |
|--------------------------------|-----|----|
| Include in technical criteria? |     |    |
| Yes                            | Yes | No |
|                                |     |    |

**33. Risk Measurement and Assessment**

|                                |     |    |
|--------------------------------|-----|----|
| Include in technical criteria? |     |    |
| Yes                            | Yes | No |
|                                |     |    |

**34. Risk Modelling and Aggregation of Risks**

|   |     |    |
|---|-----|----|
| Include in technical criteria?  |     |    |
| Yes   | Yes | No |
| Agreed. However, it should be acknowledged that the CRO may also rely, to some extent, on the technical expertise of others in relation to risk modelling and aggregation of risks. |     |    |

**35. Risk Management Tools and Techniques**

|                                |     |    |
|--------------------------------|-----|----|
| Include in technical criteria? |     |    |
| Yes                            | Yes | No |
|                                |     |    |

**36. Economic Capital**

|  |     |    |
|--|-----|----|
| Include in technical criteria?   |     |    |
| Yes  | Yes | No |
| Agreed. However, it should be acknowledged that the CRO may also rely, to some extent, on the technical expertise of others in relation to economic capital. |     |    |

**37. ORSA**

|                                |     |    |
|--------------------------------|-----|----|
| Include in technical criteria? |     |    |
| Yes                            | Yes | No |
|                                |     |    |

- 38. If the IFoA decides to introduce a voluntary Practising Certificate for PRA Chief Risk Officers, and if you meet the criteria, would you apply for such a Certificate? (Assume the costs are similar to the existing Practising Certificated)?**

|   |     |    |
|---|-----|----|
| Include in technical criteria?  |     |    |
| Yes   | Yes | No |
| Many SAI Fellows are also IFoA Fellows and work for PRA regulated entities. Some of these may be expected to apply. |     |    |

- 39. Do you have any other comments on the proposals or wish to add anything to inform our thinking?**

|  |     |    |
|--|-----|----|
| Yes  | Yes | No |
| The IFoA should define precisely the scope of each Certificate. This will provide clarity to the profession if a Certificate holder is later found not to be providing effective risk oversight. |     |    |