

Central Bank of Ireland
Consultation paper on Amendments to the Fitness and
Probity Regime (CP160)

Response to Central Bank of Ireland

July 2025

Introduction

The Society of Actuaries in Ireland (“the Society”) is the professional body representing the actuarial profession in Ireland. The Society welcomes the opportunity to engage with the Central Bank through this consultation process on the amendments to the Fitness and Probity Regime: [Fitness and Probity Consultation and Updates | Central Bank of Ireland](#).

The response has been prepared by a cross section of members of the Society and does not purport to reflect the views of the insurance industry.

Our responses are presented below according to the questions asked by the CBI in the Consultation Paper. At a high level, the Society welcomes the proposed changes and the work that has gone into amalgamating and updating the guidance given the time and changes since the original guidance was published. The Society is happy to engage and provide further clarity and explanation if required.

Key Points

The main changes that the Society is proposing (with further detail below) are:

- 1) That a qualified actuary who is a member of a recognised actuarial association be explicitly included under the Level of Knowledge threshold proposed for the Head of Finance PCF role. The actuarial qualification is already recognised for many current PCF-11 CFO's/Heads of Finance in the financial services sector.
- 2) That the level of prescription under Level of Knowledge for the Head of Actuarial Function (HoAF) role be reconsidered for alignment with the other PCF control function roles referenced.

Responses to Specific Questions

1 (a) Do you agree with the proposed revision to the draft Guidance?

1 (b) Are the enhancements to the draft Guidance useful to you?

We respond to both of these questions together. We welcome the proposed changes and the work that has gone into amalgamating and updating the guidance given the time and changes since the original guidance was published. Our comments reflect further areas where we suggest changes and welcome clarifications to ensure the effective implementation of the guidance.

The table below references the relevant section of the guidance and our proposed comments:

Section	Extract	Comment
1.28	European Legislation	To ensure appropriate coverage across different sectors of financial services, reference could be added in this section to the fit and proper requirements under Solvency II and related EIOPA guidance, given their applicability to the (re)insurance sector
4.49	Board members - Level of Knowledge and Experience Table 4 text <i>“Three years of recent relevant practical experience at high-level managerial positions (including theoretical knowledge in relevant financial services). Practical experience gained in administrative or academic positions could also be relevant depending on the position held.”</i>	The requirements for non-executive and independent non-executive directors to have recent practical experience 'at high-level managerial positions' may unintentionally exclude appropriate candidates with experience at a senior level but in roles that were not “managerial” in the sense of having direct supervision of other colleagues. Similarly, directors who have been working as independent directors for a number of years will not have recent managerial experience. We suggest that the text be amended as follows: <i>“Three years of recent relevant practical experience at a senior level (including theoretical knowledge in relevant financial services). Practical experience gained in administrative or academic positions could also be relevant depending on the position held.”</i>
4.49	Board members - Level of Knowledge and Experience	We suggest that it is possible that the strict requirements of ‘recent relevant practical experience’ in a particular sector may have unintended consequences in terms of narrowing the panel of possible candidates, e.g. candidates with an IT industry background. We suggest the current text is

		not aligned with the text in the section on diversity (4.64)
4.49	<p>Chair of the Board</p> <p>Table 6</p> <p><i>“Ten years of recent relevant practical experience. This should include a significant proportion at senior level managerial positions and significant theoretical knowledge in banking or a similar relevant field”</i></p>	<p>We suggest that the current text could have unintended consequences in that a suitable candidate for Chair of a Board may not necessarily have 10 years of recent “managerial” experience especially if they have been working as a non-executive director. We suggest that the text be amended to the following:</p> <p><i>“Ten years of recent relevant practical experience. This should include a significant proportion at a senior level position or as a board member and significant theoretical knowledge in banking or a similar relevant field.”</i></p>
4.50	<p>Head of Finance - Level of Knowledge and Experience:</p> <p>"Sufficient level of experience commensurate with the requirements of the role. The Head of Finance of a firm (other than credit unions) must be a member of a recognised accountancy body. In exceptional circumstances a non-qualified accountant may be considered".</p>	<p>Many companies in the financial services sector have appointed actuaries as PCF-11 CFO's/Heads of Finance. We believe that the professional oversight of actuaries and their proven competency in the functions described in the Summary of Role should establish the qualification as falling within a standard (as opposed to exceptional) level of knowledge for the role. We suggest that the CBI amend the requirement to include that being a qualified actuary who is a member of a recognised actuarial body is also appropriate for these roles.</p>
4.50	<p>Head of Actuarial Function (HoAF) – Level of Knowledge and Experience:</p> <p>"Prerequisite level of experience commensurate with the requirements of the HoAF role with a minimum of:</p> <ul style="list-style-type: none"> • Five years (within the last ten years) relevant actuarial experience. • One year's recent experience of reserving relevant to the market in which the majority of business is written. • One year's experience of any exotic or specialised type of business written. <p>The HoAF must be a member of a recognised actuarial association. The Central Bank's expectation is that the</p>	<p>We recognise that it is the CBI's intention to bring together all relevant guidance in the updated draft F&P draft guidance notes. However, in the context of the role of HOAF we suggest that some of the guidance that was included in the CBI letter to industry, dated 9th November 2015, is no longer relevant given the introduction of IAF\SEAR. We also suggest that it is overly prescriptive, especially when viewed in the context of what the draft guidance includes for other PCF roles and may have the unintended consequence of applicants with relevant and appropriate experience not being able to proceed with applications.</p>

	<p>role should be carried out by a qualified actuary. In exceptional circumstances a non-qualified actuary may be considered.</p> <p>The HoAF should be capable of influencing Board decisions in key areas of actuarial expertise and of driving risk awareness and an appropriate risk culture within the undertaking".</p>	<p>For consistency with the approach taken for other senior roles, a fitness and probity assessment of 'Relevant expertise, qualifications and experience having due regard to the nature, scale and complexity of the business', would be sufficient without specific additional requirements for this role alone.</p> <p>The reference to driving risk awareness and an appropriate risk culture is given explicit mention for this control function role alone. We suggest that a more appropriate requirement which aligns better with Solvency II regulations is "The HoAF should be capable of influencing Board decisions in key areas of actuarial expertise and of contributing to the effective implementation of the Risk Management System".</p>
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1 (c) *What other elements could the Central Bank include within the draft Guidance?*

No comment

2 (a) *Do you agree with the proposed revisions to the PCF list?*

2 (b) *Have you identified any issues with this revision?*

We respond to both parts of question 2 together. Whilst we understand the rationale behind revising and streamlining the list of PCF roles, in its current form the revision may end up causing confusion and have unintended consequences. When roles were listed under specific industry headings it was clear as to what roles applied to what industries. However, with a single list it is not clear whether, for example, insurance companies now need to assign additional PCF roles to individuals. Some additional clarity would be helpful in this regard, and equally in the context of an individual holding more than one PCF role where it is the view of the CBI that the *"majority of executive PCF roles are considered to be full-time roles in their own right, the Central Bank expects such approvals to be relatively limited, taking into account the nature, scale and complexity of the firm an individual may only be assigned 1 PCF role."*

Examples:

- **PCF-23 Head of Asset and Liability Management and PCF39a Designated Person with responsibility for Capital and Financial Management:** It would be helpful to clarify the CBI's expectation where a similar responsibility is part of another PCF role e.g. Head of Finance or

Head of Actuarial Function. For example, would the role holder be expected to be assigned these PCF roles in addition to their existing PCF role?

- **PCF-39b Designated Person with responsibility for Operational Risk Management:** It would be helpful to clarify the CBI's expectation with regard to this role: (i) Is it intended to be 1st line or 2nd line role?, (ii) If 2nd line, where this responsibility may be considered to be part of the CRO role (PCF-14), would the CRO be expected to be assigned this PCF role in addition to their existing PCF role?