# CPD and the AAE

## Introduction

At the Spring meeting of the SFPC meeting in Paris the Officers were asked to consider the possible introduction of a requirement for member associations to have a mandatory CPD rule for its individual actuaries. Following discussion, it was decided to await the outcome of discussions at the IAA.

Developments at the IAA are of interest. An IAA task force has been set up to consider the same issues and is expected to report preliminary findings at the Vancouver IAA meetings in October. A copy of its Terms of Reference is attached. There is already in existence a paper on CPD from the IAA (approved in October 2011) – also attached. This may need updating following the work of the Task Force. However I have drawn on it substantially for this short paper.

The AAE has a web page for associations to link their CPD requirements.
http://actuary.eu/continuing-professional-development-cpd/

So far 20 associations have done so – with the majority providing a version in English.

In this paper I cover the key issues including recording CPD, policing compliance and data protection constraints in some countries.

## What is CPD?

The IAA paper covers this question in some depth in sections 1.1 and 2.1. The first paragraph on this begins as follows: Continuing Professional Development (CPD) – also referred to as Continuing Education – may be defined as the development of knowledge and of technical, personal, professional, business and management skills and competencies throughout a person's working life. The IAA encourages associations to develop and implement a CPD strategy.

## The need for CPD

The IAA paper covers this question in in section 1.2. The first paragraph states that the overriding need for CPD arises because actuarial knowledge and the environment in which actuaries work are constantly changing and developing. An actuary can only remain current and competent in his or her areas of practice by continued study. Actuaries need to keep up with developments in order to be able to provide a high quality service. This is reflected in the IAA Internal Regulations, which include a requirement for associations to have in place a Code of Professional Conduct. This Code must refer to the obligation on actuaries to perform professional services only if competent and appropriately experienced to do so**.** The AAE requires member associations to have a Code and so has the same requirement as the IAA in this respect.

## How to approach CPD and how much is needed?

The IAA paper covers these questions in sections 1.3 and 2.2. It states, among other things, that each actuary is responsible for developing and following an appropriate personal CPD programme. The amount of CPD undertaken should reflect the value of particular CPD activities to the actuary, i.e. the extent to which they truly contribute to his or her professional development.

Although different actuaries have different CPD needs, in terms of both amount and type, the IAA states that the minimum amount of CPD to be carried out by members should be specified. The IAA

recommended that the minimum amount of formal CPD to be achieved each year should be 15 hours. However, there has been a movement in recent years to a more “output based” method of dealing with CPD so that actuaries record what they have learned rather than (or as well as) how many hours have been involved.

Stipulations may be made as to the form of at least some of the required CPD, particularly for actuaries who carry out statutory duties.

## How is CPD gained?

CPD can be achieved in a number of different ways. These include relevant courses, meetings, seminars, colloquia and workshops; relevant commercial conferences or seminars, employers’ courses and discussion groups face to face or internet, including webcasts, teaching, writing, reading, preparing seminars, studying or setting exams. A comprehensive list is covered in section 1.4 of the IAA paper.

## Recording, Monitoring and Policing of CPD (Sections 2.2 and 2.3 of the IAA paper)

Associations can support their members by providing methods to record and track CPD. Self-certification may be practical and appropriate in some circumstances. Associations may specify that CPD could cover management and professionalism issues as well as technical skills.

In the case of actuaries working outside their association’s jurisdiction, their association may require them to comply with CPD requirements of an AAE or IAA member association in the jurisdiction where work is carried out. To facilitate individual practice in multiple jurisdictions, associations may consider recognizing equivalent CPD schemes of other AAE or IAA Full Member Associations as an alternative to their own requirements;.

There may be a differentiation between formal or verifiable CPD, where the input may be independently measured (such as attending a formal event) and informal CPD (such as when the actuary undertakes private activities, e.g. reading);

CPD requirements might be more specific, stringent and onerous for actuaries who are undertaking statutory or formal roles than those applicable to other actuaries.

The IAA state that Associations should encourage each actuary undertaking CPD to maintain a record of CPD activity. Once an association has established its CPD strategy, it is encouraged to monitor its members’ CPD records. This might be done on all its members or on a subset, e.g. a random sample or all those actuaries performing statutory roles.

The IAA encourages associations to consider introducing centralised reporting of CPD, e.g. through a members’ only section of the association’s website. Where CPD is compulsory for actuaries practicing in designated or statutory roles regulatory bodies may already track CPD activity or the association may monitor its members or form an agreement to monitor CPD on behalf of the regulatory body.

The IAA states that failure to undertake mandatory CPD should be considered as evidence of professional misconduct. If such is the case, monitored or tracked records of CPD activity (or lack thereof) may become part of any disciplinary procedure.

There is an argument as to whether an association can make CPD mandatory (other than having a competence requirement in its Code) without monitoring and policing. That is an issue which divides actuaries (and possibly lawyers!). However if AAE (or IAA) accepted that mandatory CPD did not

require policing, it is clear that would make the mandatory requirement more acceptable for some associations. Disciplinary procedures would then only be related to whether a member, accused of some misconduct other than inadequate CPD, had insufficient competence though lack of training or knowledge. Those associations involving policing, however, are likely to have disciplinary cases where the only charge is one of inadequate CPD or even inadequate recording of CPD.

## Data Protection Issues

It is known that some European countries (eg Spain) have issues regarding Data Protection in the area of reporting disciplinary cases. It seems possible that those issues might arise in the recording, reporting and monitoring of a member's CPD. If this matter is to be taken forward, it would be appropriate to carry out a survey of national associations on this particular issue. This might be a single targeted survey, or part of a consultation on CPD more generally.

## Provision of CPD activities

Each actuarial association can help the uptake of CPD by individuals through the provision of a programme of CPD activities. Examples of possible CPD activities are shown in Section 1.4 and in Appendix One of the IAA paper.

Associations can facilitate members' access to information about events organized by others that could provide relevant CPD, including events organized by the IAA or regional actuarial organizations, such as the AAE.

## Conclusions

The Officers decided to await the outcome of the IAA task force. Subject to comments from the committee, a limited approach within the AAE might then be taken to investigate any data protection issues in European countries and/or any legal issues in individual countries regarding whether making CPD mandatory implied a requirement to monitor and take disciplinary action if CPD or the recording of CPD were insufficient.

David Martin
September 2015

**Task Force on Mandatory Continuous Professional Development**

**Terms of Reference**

Created—May 2015

Reporting to the Executive Committee (EC), the Task Force on Mandatory Continuous Professional Development (CPD) will consider whether the IAA should require its Full Member Associations (FMAs), as part of the IAA accreditation criteria, to comply with a minimum level of CPD for their own individual members.

## 1. Mandate

The task force will discuss and present options to the EC, taking into account:

- Advantages and disadvantages of qualitative and quantitative CPD requirements.
- The level of CPD requirements of various associations.
- Alternatives to CPD if an FMA does not have mandatory CPD.
- The role of the FMAs in reviewing and/or endorsing CPD provided by external bodies.
- The level of proof and auditing that should be required regarding an individual's CPD.
- Any other relevant matter identified by the Task Force.

## 2. Timeline

The Task Force should submit a report on its findings and options by September 30, 2015, in time for EC consideration at its meeting in Vancouver mid-October 2015. The goal is to finalize a recommendation to Council by March 21, 2016 in time for the 60-day agenda of the May 28 Council meeting.

## 3. Membership

The task force will be chaired by a member of the EC and should include at least one representative from each of the Education, Professionalism and Accreditation Committees.

Staff: Karla Zuniga, Coordinator, Membership and Development

# Guidelines on Continuing Professional Development (CPD)

## Introduction

The International Actuarial Association (IAA) has as part of its mission statement:

> To promote professionalism, develop education standards and encourage research, with the active involvement of its Member Associations and Sections, in order to address changing needs.

This is supported by the IAA Strategic Objective 3:

> Establish, maintain and promote common standards of actuarial education and common principles of professional conduct. Promote the development and issuance of actuarial standards in the jurisdictions of all Full Member Associations, and the global convergence of actuarial standards.

There are four priorities/action plans for this strategic objective, of which the second is:

> Develop a recommended set of voluntary continuing professional development (CPD) guidelines.

This paper has been prepared by the IAA Education Committee in support of this action plan.

The paper examines CPD from a number of different perspectives, each of which has a role to play:

- From the perspective of individual actuaries, the paper examines the importance of CPD as part of lifelong learning and how CPD might be gained and maintained. In the current rapidly-changing world, it is the personal responsibility of individual actuaries to ensure that they remain competent in their areas of work through continued learning and study.
- Actuarial associations may find this document useful when considering the role of CPD in the context of the association's professional requirements, and in helping plan a CPD strategy and program for their members. Associations are encouraged to adopt a CPD strategy and to introduce provisions for CPD requirements.
- Finally, the paper looks at the role the IAA plays in order to support actuarial CPD, including encouragement and assistance to member associations introducing CPD requirements.

The guidelines set out in this paper are offered to actuarial associations and individual actuaries in order to:

- Recommend to actuarial associations that they create and implement a CPD strategy under which their members are encouraged or required to proactively address CPD needs;
- Provide support and guidance to actuarial associations on appropriate CPD requirements and how to deliver CPD programs and monitor actuaries' CPD activities;

© 2011 International Actuarial Association / Association Actuarielle Internationale

- Encourage individual actuaries to develop and follow an appropriate personal CPD program and in so doing take responsibility for maintaining their competence and professionalism throughout their working life;
- Provide support and guidance to individual actuaries on how to plan and achieve CPD.

# Part 1 - CPD and the Individual Actuary

## 1.1. What is CPD?

Continuing Professional Development (CPD) – also referred to as Continuing Education – may be defined as the development of knowledge and of technical, personal, professional, business and management skills and competencies throughout a person's working life.

The term "capability" is also sometimes used, instead of terms such as "skills" and "competencies", and may be considered to highlight the qualities of growth and progression that are at the heart of education and development[1].

CPD is an important element of the actuary's lifelong process of learning and development within the profession. The initial qualification process is the first step in this journey. Thereafter, it is the responsibility of all actuaries to plan their own professional development program.

At different career stages, there will be a need to address a varying range of skills. CPD provides a means to do this, addressing, as it does, the development of the whole person with attention to:

- technical actuarial skills;
- related professional skills, such as the ability to exercise professional judgement and address ethical dilemmas;
- business and management skills, such as knowledge of the industry and the ability to create and implement business strategies; and
- personal skills such as time management, independence of thought and communication skills.

## 1.2. The need for CPD

The overriding need for CPD arises because actuarial knowledge and the environment in which actuaries work are constantly changing and developing. An actuary can only remain current and competent in his or her areas of practice by continued study. Actuaries need to keep up with developments in order to be able to provide a high quality service. This is reflected in the IAA Internal Regulations, which include a requirement for associations to have in place a Code of Professional Conduct. This Code must refer to the obligation on actuaries to perform professional services only if competent and appropriately experienced to do so**.**

All actuaries are encouraged to undertake CPD for the following reasons:

[1] Lowther MW, McMillan WJ and Venter F, Education for actuarial quality must develop more than technical competence, *South African Actuarial Journal,* 2009

- To gain knowledge and experience from the start of their careers - CPD will be essential to continue the process of development after qualification;
- To maintain familiarity with the complex environment in which they work;
- To keep up with the development of new products and with the new types of risk that emerge over time;
- To stay abreast of developments in actuarial techniques so that the work done is up-to-date and relevant;
- To be aware of current methodologies and factors which may affect the suitability of models and assumptions;
- To be aware of developments in national and international legislation, regulation and accounting standards;
- To keep up with new actuarial standards of practice and modifications to existing standards;
- When in a statutory role, to keep up to date with developments in the actuarial profession, with the requirements of the statutory role and with the supervisor's responsibilities as well as with changes in the industry in which they practice;
- When working in an international environment, to understand the different products and risks in different countries, the regulatory and legislative framework in each country of practice and the applicable accounting standards and pertinent actuarial standards and practices;
- To achieve personal as well as technical development in order to equip themselves for new roles, including managerial roles, over their careers;
- To address skills and knowledge needs in order to function in new areas of practice arising from the expansion of the profession;
- To be regularly challenged to think through professionalism questions, in order to develop and apply the values that their association claims for its members;
- To be competent in the areas in which they practice in order to safeguard the public interest;
- To safeguard the reputation and status of the actuarial profession by having the ability to provide relevant and up-to-date advice;
- To be knowledgeable as qualified actuaries in order to meet the expectations of different stakeholders;
- To be competent and up-to-date in all actions, even when not working in a specific actuarial role.

All actuaries are encouraged to develop and follow a CPD program that supports these objectives.

### 1.3. How to approach CPD

Each actuary is responsible for developing and following an appropriate personal CPD program.

In planning a CPD program, the actuary needs to consider maintenance, broadening and improvement of skills and knowledge.

The amount of CPD undertaken should reflect the value of particular CPD activities to the actuary, i.e. the extent to which they truly contribute to his or her professional development. The types of

CPD undertaken should reflect the fact that, at different stages of his or her career, there will be a need to address a different range of skills.

The following should be considered by each individual actuary when planning and carrying out CPD:

- Objectives should be set to achieve the program;
- The CPD activities and the amount of CPD undertaken above any prescribed minimum should relate to these objectives;
- Actively self-monitor progress on the objectives, or (where relevant) in conjunction with the employer;
- Where appropriate, integrate the CPD program with a professional development program agreed with the employer;
- Consider how relevant work experience may form part of the CPD program;
- Include interaction with other actuaries, particularly with those from other organizations or firms;
- Comply with any CPD requirements set by the local/regional actuarial association or by any actuarial association or regulator in any jurisdiction where the actuarial work is carried out;
- Ensure that, in relation to work performed, knowledge is up to date and covers the topics on the relevant parts of an appropriate education syllabus, such as the IAA Education Syllabus for newly qualified actuaries or the corresponding syllabus relevant in the jurisdiction(s) where work is performed;
- Maintain a personal CPD record as a good professional practice or habit. A comprehensive CPD record considers the CPD undertaken and includes personal reflections on the outcome of the process in terms of the development and learning that has taken place, together with indications of future learning and development activities.

### 1.4. How is CPD gained?

CPD can be achieved in a number of different ways. These include:

- Participating in any of the following:
  - relevant courses, given or run by actuarial associations, universities and other bodies;
  - local, national and international actuarial meetings, seminars, colloquia and workshops;
  - events run by other related professions;
  - relevant commercial conferences or seminars;
  - employers' courses and discussion groups;
  - webcasts, web-based seminars or video-link seminars;
  - research, either as an individual or in a group;
  - internet discussion groups on actuarial topics;
  - technical committee work at the national and international level, including committees within the local actuarial association;
- Teaching or mentoring other actuaries and/or actuarial students;
- Setting or marking actuarial examinations;

- Studying for a further related qualification, including membership of other relevant professional bodies;
- Studying relevant courses or educational programs on-line;
- Writing relevant papers and books;
- Giving talks or making presentations to colleagues or a wider audience at conferences or seminars;
- Private reading of relevant journals and books;
- Working on different actuarial topics in different environments;
- Expanding one's skill-set through undertaking new challenges or working on novel assignments.

Whatever the activity undertaken, each individual actuary should be satisfied it has resulted in identifiable personal and professional development before claiming CPD.

## Part 2 - CPD and the Actuarial Association

### 2.1 What is CPD and why is it important?

Section 1.1 above describes CPD and section 1.2 sets out why CPD is important.

All actuarial associations are encouraged to develop and implement a CPD strategy that supports the objectives outlined in section 1.2. Such a strategy should encourage or require actuaries to carry out CPD in order to maintain their competence, foster high quality in actuarial work and promote the reputation of the actuarial profession.

### 2.2 How much CPD?

The public expects actuarial professional bodies to encourage their members to keep their competence up to date and relevant through CPD. It is recommended, therefore, that associations give guidance to their members regarding the amount and type of CPD that actuaries should undertake, while recognising that individual actuaries must decide for themselves whether they need to carry out additional CPD for the purposes of the work that they perform or wish to perform in the future.

In designing a CPD strategy, associations should consider the following factors:

- They have a responsibility to promote the concept of lifelong learning and the development of knowledge by their members;
- Although different actuaries have different CPD needs, in terms of both amount and type, the minimum amount of CPD to be carried out by members should be specified. The recommended minimum amount of formal CPD to be achieved each year should be no less than 15 hours. However, the target annual amount could be averaged over a period of years (a maximum of three years is suggested), in which event some of the CPD undertaken should be recent (e.g. within the previous 18 months);
- Stipulations may be made as to the form of at least some of the required CPD, particularly for actuaries who carry out statutory duties. However, associations should recognise that there are diverse ways of doing CPD (see section 1.4 above) and that no one method suits

all actuaries. The prime consideration is the relevance of the CPD to the individual's needs in the context of the professional services that he or she provides.

- Associations can support their members by providing methods to record and track CPD. A spreadsheet may be sufficient for this purpose. Self-certification may be practical and appropriate in some circumstances;
- Associations may specify that CPD could cover management and professionalism issues as well as technical skills;
- In some countries, regulators may lay down minimum requirements for CPD, which should be taken into account when setting professional requirements;
- In the case of actuaries working outside their association's jurisdiction, their association may require them to comply with CPD requirements of an IAA member association in the jurisdiction where work is carried out;
- To facilitate individual practice in multiple jurisdictions, associations may consider recognizing equivalent CPD schemes of other IAA Full Member Associations as an alternative to their own requirements;
- When considering the amount of CPD undertaken, individual actuaries can judge for themselves what should be counted for a particular activity, based on its relevance in relation to their CPD objectives. The same event may thus be counted differently by different people. Associations may, however stipulate the maximum hours that may be counted in respect of a particular event or activity;
- There may be a differentiation between formal or verifiable CPD, where the input may be independently measured (such as taking an exam) and informal CPD (such as when the actuary undertakes private activities, e.g. reading);
- Events may be treated differently according to whether they are organized by an employer, a university, an actuarial organization or some other body;
- CPD requirements might be more specific, stringent and onerous for actuaries who are undertaking statutory or formal roles than those suggested above or those applicable to other actuaries.

### 2.3 Monitoring of CPD

Associations should encourage each actuary undertaking CPD to maintain a record of CPD activity. Once an association has established its CPD strategy, it is encouraged to monitor its members' CPD records. This might be done on all its members or on a subset, e.g. a random sample or all those actuaries performing statutory roles. Associations are encouraged to consider introducing centralised reporting of CPD, e.g. through a members' only section of the association's website.

In some countries, monitoring of CPD records is compulsory for actuaries practicing in designated or statutory roles, both prior to taking on such roles and for subsequent renewals. Where this is the case, regulatory bodies may already track CPD activity; however, the association may still monitor its members or form an agreement to monitor CPD on behalf of the regulatory body.

Failure to undertake mandatory CPD should be considered as evidence of professional misconduct. If such is the case, monitored or tracked records of CPD activity (or lack thereof) may become part of any disciplinary procedure.

### 2.4 Provision of CPD activities

Each actuarial association can help the uptake of CPD by individuals through the provision of a program of CPD activities. Examples of possible CPD activities are shown in Section 1.4 and in Appendix One.

Associations should facilitate members' access to information about events organized by others that could provide relevant CPD, including events organized by the IAA or regional actuarial organizations, such as the *Groupe Consultatif Actuariel Européen* (referred to as the *Groupe Consultatif)*.

## Part 3 – The IAA and CPD

### 3.1 Role of the IAA

As stated in the Introduction, these CPD guidelines are offered to actuarial associations and individual actuaries in support of the IAA Strategic Objective 3:

> Establish, maintain and promote common standards of actuarial education, common principles of professionalism and model standards of actuarial practice for use by member associations worldwide.

The guidelines recommend that all actuarial associations formulate a CPD strategy and that individual actuaries take personal responsibility for maintaining their skills and capabilities through lifelong learning. They also provide practical guidance on how to do so.

In addition to promoting these guidelines, the IAA has a number of other roles with respect to CPD:

- To provide further guidance, through the Education Committee, to any association wishing to develop a CPD strategy;
- To organize events by the IAA or its Sections. Such events are important sources of CPD. The need for CPD should be taken into account when organizing such events;
- To provide information on relevant CPD events and materials. Associations should disseminate such information to their members and encourage them to access the information themselves;
- To recommend to associations that they share details of CPD events offered with other associations. It might also be possible for associations to apply the same event fees to members of other actuarial associations as are applied to their own members;
- To consider and promulgate CPD implications / opportunities when making changes to the IAA Education Syllabus. Changes to the IAA Education syllabus may suggest important CPD topics for actuaries who qualified before the new topic was included in the IAA syllabus;
- To identify CPD topics through the Education Committee;
- To undertake periodic surveys on CPD among member associations.

## Appendix One: Provision of CPD activities

This Appendix illustrates a wide range of CPD activities in which an actuary might participate. The list is not intended to be exhaustive and other activities may also be relevant and appropriate to the individual actuary's needs.

(i) Events organized by the IAA

- The International Congress of Actuaries (ICA) takes place every four years. The Sections of the IAA organize colloquia in years in between the Congress. The following sections organize such events:
  - ASTIN – non-life insurance
  - AFIR/ERM – investment and financial risk
  - PBSS – pensions, benefits and social security
  - IAALS – life insurance
  - IAAHS – health and care; and
  - IACA – actuarial consulting practice

(ii) Events organized by actuarial associations

- Conventions
- Colloquia
- Workshops
- Seminars
- Regular members' meetings
- Professionalism events
- Events organized in conjunction with other associations
- Face-to-face courses, both within and outside the regular actuarial curriculum
- Events organized in conjunction with other professional bodies

(iii) Events organized by universities

- Courses within the actuarial curriculum, especially such courses that have been introduced after the actuary graduated
- Other courses that are relevant to the actuary's present line of work
- Presentations of papers and dissertations
- Seminars

(iv) *Groupe Consultatif* CPD events

Member associations of the *Groupe Consultatif* organize summer schools from time to time. These are structured learning programs for people interested in developing their knowledge on a particular topic. The *Groupe Consultatif* itself holds major events periodically.

(v) Events for younger actuaries

Many companies have a policy that only senior actuaries are supported to travel to international events. Therefore, it is important that national associations arrange events for recently qualified actuaries in their own country.

(vi) Events offered in different countries

An event offered initially in one country could be replicated in different countries based on notes, presentations and materials from the first event. Webcasts and downloadable recordings provide the means to give events a wider international audience.

(vii) Participation in events of other associations

Details of events run by individual associations could be disseminated to members of other associations. This could take the form of a web-based database. In particular, events can be relevant to people in an association geographically nearby. Some interchange of ideas already takes place regionally, e.g. seminars organized by the European Actuarial Academy (EAA).

(viii) Structured learning opportunities

Examples of structured learning opportunities which could be used by other associations are available - e.g. the UK Actuarial Profession have participants' and speakers' notes for their one-day and two-day professionalism courses and their professionalism events for experienced actuaries. They also have packaged learning courses for all subjects in their qualification examinations and for their Certificates in Derivatives and in Financial Economics. Certificates of Attainment are given to actuaries who pass the relevant examinations associated with these learning opportunities.

The IAA is developing a pack on professionalism courses.

(ix) Reading materials

The journals of research work published by several associations are an example of suitable reading materials. There are also many books with material relevant to actuaries or actuarial science.

(x) Electronic learning

Several associations use their websites to disseminate learning materials, particularly from conferences, colloquia and seminars. This may often be in the form of slides presented at recent events. This material can be helpful for other associations planning their own events.

A further stage would be the development of electronic learning material, which can be an effective learning tool, especially when accompanied by a discussion forum monitored by an experienced actuary or other suitably qualified person.

(xi) Activities offered by other providers

There are a number of outside providers in every country that will offer CPD activities relevant for actuarial CPD.