

ACTUARIAL ASSOCIATION OF EUROPE

Report on the Review of the AAE CPD Strategy CPD Review Task Force

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Introduction

- CPD Review Task Force's goal is to review the current AAE CPD Strategy and formulate proposals for a further development of that strategy.
- It was created in Dec 2018 and has been working during 2019 and the first term of 2020.
- Members: Malcolm Campbell, José Blanco, Ana Martins Pereira, Marjon Tjia, Eugenija Bieliauskienė, Luis Sáez de Jáuregui, Emma Potter, Jean Claude de Pooter, Rafael Moreno Ruiz (Chair), Henning Wergen (observer), Christophe Heck (observer)

Aims of CPD

- In summary, the aims of CPD are:
 - Maintaining actuaries “fit & proper” over time in the areas in which they practice to provide relevant and high quality actuarial services and advice
 - Supporting and protecting reputation and recognition of the profession
 - Supporting actuaries to take on new roles and to move to different areas of practice, including also new ones arising from expansion of the profession.
- CPD is a key element to support actuaries’ lifelong employability

Principles of CPD

- Staying fit & proper and being long-life employable:
Fully Qualified Actuaries need to professionally develop themselves to stay fit & proper at all times especially in their practicing area

Principles of the CPD

- Evidence based, in order to be able to demonstrate its application and to be monitored.

Evidence should ensure that the system in place:

- It is credible
- It is efficient with regards to costs and benefits of getting the evidence
- it avoids discrimination to actuaries which may need to demonstrate their CPD to another MA or to the supervisor of a different country

Principles of the CPD

- Assessment: CPD needs to be assessed in an appropriate way. Both content and format need to be considered.

Individual actuaries are responsible for the content of their own CPD program or plan, however an MA should encourage actuaries to actively discuss their CPD with peers and other actuaries.

MAs will need to be able to check evidence of CPD (documentation) when it is required, and also should make regular checks that the CPD requirements have been followed (at least on random basis). Association's responsibility regarding members' CPD ends with that checking.

Principles of the CPD

- Flexibility and proportionality
 - The CPD Scheme needs to be flexible in a range of features
 - CPD requirement needs to be proportional in terms of every national market and MA's resources, so it does not introduce disproportionate disruption for the actuaries complying with it and also for MA in implementing the CPD system

Approaches for possible recommendations

1. Implementation of Outcome Based Schemes
2. Consistent CPD schemes in MAs with defined frame of a minimum education hours
3. A combination of 1 and 2 above
4. Acknowledgement of the current situation where differences remain important

Approaches for possible recommendations

1. Implementation of Outcome Based Schemes

- UK and NL (Pilot) have implemented OBS (also SA)
- Actuaries work through cycles of professional development: they determine (themselves) their development needs, set up and implement their development plan and analyse/assess the results of their CPD activities
- Numbers of CPD-hours are no longer prescribed, but the process is documented and can be reviewed by the association when necessary

Approaches for possible recommendations

1. Implementation of Outcome Based Schemes

- Actuaries can also be required to discuss and reflect upon their development cycle with with a “reflection partner”:
employer; manager; senior actuary (/peer); mentor;
association staff member; ...

Approaches for possible recommendations

1. Implementation of Outcome Based Schemes

- Pros:
 - They facilitate that learning is in line with the development needed by each individual
 - There is a documented development plan that can be reviewed and actuaries need to sign an annual declaration that they have followed the CPD process

Approaches for possible recommendations

1. Implementation of Outcome Based Schemes

- Cons:
 - A full review of the content of each individual development plan is a time and resource demanding process. In reality, the only check a MA can carry out regularly is that the process has been followed
 - It may not be (legally) appropriate for some associations to document and record the individual development plans.
However, instead of recording evidences, associations could advise their members that they will be required to produce documentation of their CPD compliance at the time of a CPD review or any investigation into their professional conduct and that inability to produce such information would be seen as an indication of unprofessional conduct

Approaches for possible recommendations

2. Consistent CPD schemes in MAs with defined frame of a minimum education hours
 - Most of the MAs have a system in place which is based on the accomplishment of a certain number of hours (or points) of education. Actuaries register their CPD activities with the MA, which assesses the fulfilment of requirements

Approaches for possible recommendations

2. Consistent CPD schemes in MAs with defined frame of a minimum education hours

- Pros:
 - There is hard evidence of CPD. The association can monitor if the actuary is fulfilling the requirements, and it can be shared with MAs' main stakeholders (e.g. the local or the European regulator or the AAE). This information will allow to promote the Actuarial Profession and to identify needs from actuaries and MAs with regards to CPD and find new ways to provide solutions (e.g. CPD online platform)
 - Its implementation can be maintained at levels which are acceptable by small MAs

Approaches for possible recommendations

2. Consistent CPD schemes in MAs with defined frame of a minimum education hours

- Cons:
 - It doesn't necessarily guarantee that the education received maintains the actuary fit & proper because the content (or even the format) is not necessarily in line with the development needs of a specific actuary
 - This approach might be seen to be indicating to actuaries that once the required number of hours has been achieved, then the CPD requirement has also been achieved

Approaches for possible recommendations

3. A combination of outcome based with a requirement for a minimum number of hours
 - The actuary constructs his/her own development plan, which must be documented and made available, and is also subject to a minimum number of hours (or perhaps an interval of expected CPD hours)

Approaches for possible recommendations

3. A combination of outcome based with a requirement for a minimum number of hours
 - Pros:
 - It facilitates that learning is in line with the development needed by each individual and therefore demonstrates that actuaries stay appropriately fit & proper.
 - The fact that there is a minimum number of hours that can be checked means that there is hard evidence on CPD
 - The majority of the MAs already have hours based CPD schemes, so there would be no major disruption to implement this approach

Approaches for possible recommendations

3. A combination of outcome based with a requirement for a minimum number of hours

- Cons:
 - Hard evidence is still only that a certain number of hours CPD has been carried out, without any assessment of the content of that CPD. Nevertheless, actuary's development plan allows to assess the content of the CPD in the context of that plan
 - It might be seen to be indicating to actuaries that CPD requirement has been fulfilled once the required number of hours has been achieved, although this problem may be alleviated by giving an interval of expected CPD hours instead of a strict minimum

Approaches for possible recommendations

4. Acknowledgement of the current situation where differences remain important
 - Thanks to the survey performed by the CPD Task Force it has been acknowledged that some MAs have Outcome Based Schemes, some of them require the accomplishment of some education hours (varying among countries) and some don't have specific/impartial requirements and rely on individuals' responsibility. Actuaries may or not register their CPD activities with the MA, which assesses or not the fulfillment of the requirements.

Approaches for possible recommendations

4. Acknowledgement of the current situation where differences remain important
- Pros:
 - This proposal respects perfectly the proportionality principle as each country has developed its own system, which is obviously in line with its size
 - For the countries where there are no specific requirements and rely on individuals' responsibility it is difficult to guarantee that actuaries stay fit & proper, although those associations tend to be quite small and “social control” usually takes place

Approaches for possible recommendations

4. Acknowledgement of the current situation where differences remain important
 - Cons:
 - It doesn't guarantee that CPD is appropriately assessed and monitored in every country and pose the question whether the actuaries in associations where there are no formal requirements remain fit & proper
 - Without having evidence, then it is challenging to prove profession's credibility to external stakeholders. In fact, it is a matter of credibility to have some common requirements like signing off an annual declaration or setting a minimum of hours of CPD-hours

Conclusions. An outline of a possible recommendation

1. CPD's principles must constitute the basic pillars of any CPD Strategy/Scheme
2. Documentation of CPD (evidence) is a key element to allow audit and assessment of its completion
3. Approaches 1, 2 and 3 would be acceptable in the context of the new AAE CPD Strategy, as differences in MA's CPD Schemes can be motivated by several reasons and are not necessarily bad

Conclusions. An outline of a possible recommendation

4. A recommendation based on approach 3 is suggested as the best way to move forward. In fact approach 1 and approach 2 are actually subsets of this approach – “approach 1” requires a minimum of zero hours CPD, and “approach 2” requires no formal documentation of the CPD plan

Conclusions. An outline of a possible recommendation

The AAE should require all MAs to have a CPD scheme which places the following requirements on individual actuaries:

1. That the actuary has considered his/her own development needs
2. That the actuary has engaged in appropriate activities to bridge identified competence gaps
3. That the actuary has documented plans and activities as specified by the MA
4. That the actuary has spent at least a specified (by the MA) minimum number of hours on CPD activities, alternatively be able to motivate why the minimum number of hours has not been appropriate given the circumstances of the individual.

Questions

Thank you very much

ACTUARIAL ASSOCIATION OF EUROPE

Actuarial House

1 Place du Samedi

1000 Brussels

Belgium

www.actuary.eu

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