

Continuing Professional Development Requirements for FMAs: Task Force Report to Executive Committee

Please note that this report should be read in conjunction with Annex 1: Questions and a summary of the answers received from respondents to the *Continuing Professional Development Requirements Survey*.

Overview

On May 26, 2015, the IAA Executive Committee (EC), created the Task Force on *Continuing Professional Development (CPD) Requirements for FMAs*. The task force was to 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.

In its early discussions, the TF asked if actuaries should be allowed to call themselves actuaries without completing any CPD. However, we know of many actuaries who do not do work that would be described as “actuarial”. What to do here? The Australian answer appears to be that any work being done by an actuary is “actuarial work”. Thus if an actuary is now a CEO, doing CPD relevant to good business practice would comply within any CPD scheme. Your CPD should fit your job description.

Today, a FMA must have a code of professional conduct that says an actuary shall perform professional services only if the actuary is competent and appropriately experienced to do so. As the Code of Conduct is a requirement to become a FMA, we have some level of requirement in place at this time.

The Task Force believes that it is suitable for the IAA to make some level of CPD an FMA requirement. Your education does not stop on the day of qualification.

So as to comply with its mandate of discussing and presenting options to the EC on the types of CPD the IAA could require from its member associations, if any, the task force surveyed all FMAs on the type of CPD they now require from their members, if any.

As an example of the focus of some questions, the task force asked whether member associations preferred qualitative or quantitative requirements or some kind of combination; whether CPD requirements are input or outcome driven, or a combination and whether associations undertook CPD audits. In total, the task force created a survey with 18 questions that the secretariat sent to all member associations’ correspondents on July 7 with a report deadline of July 31.

Survey Evaluation

Thirty three (33) out of the sixty seven (67) IAA FMAs provided input on the survey with a predominance among those not replying being smaller FMAs, e.g. associations with fewer than 200 fully qualified actuaries (FQAs).

The table below represents the size of the respondents (associations) as defined by their number of FQAs. In general, associations with fewer than 200 FQAs do not receive any administrative support as all duties of the FMA are carried out by their own members. This is of importance when establishing and auditing CPD requirements for their members.

	Respondents	Non respondents	Total
Less than 200 FQAs (Small)	13	24	37
Between 200 and 1,000 FQAs (Medium)	7	9	16
Between 1,000 and 5,000 FQAs (Large)	10	1	11
Over 10,000 FQAs (Extra-large)	3	0	3
Total	33	34	67

Table 1: Respondents according to their number of FQAs

When preparing the survey, the task force presumed that if the IAA were to impose mandatory CPD requirements, smaller associations would have reported more difficulties in adoption. Table 2 tries to validate this assumption by compiling the responses provided to question 12 (“Should the IAA require, as part of the accreditation criteria, full member associations to set mandatory CPD requirements for their individual members?”) according to the size of the FMA.

The answer options were: “yes”, “maybe” and “no”, with the possibility of having respondents comment further on their answer.

	Yes	Maybe	No
Small associations	8	1	3
Medium size associations	4	3	0
Large size associations	6	3	1
Extra-large size associations	2	0	1
Total	20	7	5

Table 2: Association’s responses to question 12 according to their size

Thus, to the extent one can interpret the limited data, the assumption that small associations would have more difficulties with the IAA imposing mandatory CPD was *not* supported by the results of Question 12. The proportion of smaller FMAs who supported IAA imposed CPD was higher than for the large associations.

As the sample of quotes below indicate, most of the associations that responded “maybe” were supportive of having the IAA request mandatory CPD requirements but with the local associations being responsible of setting the details and monitoring compliance.

“Mandatory CPD requirements are needed but the process on how to do this and how to monitor it should be more open (e.g. small actuarial associations might prefer a less strict process)” **Finland**

“CPD should be relevant to the needs of the member. CPD should not be an end in itself. The term was developed to describe what good professionals do to render a good service. The mandatory requirement therefore flows from the IAA’s Principles of Professionalism. CPD is a means by which actuaries enable themselves to deliver the professional promise.” **South Africa**

Questions 13 and 14 followed the trend of Question 12 in that respondents generally agreed that the IAA should introduce CPD as a requirement while allowing the FMAs to establish what will be required in detail and how this will be monitored.

Questions 15 and 16 inquired about opportunities for cooperation on CPD activities. Nearly all responses were supportive. Some of the smaller associations were concerned about reciprocity, as while they would like to use the CPD provided by other associations, they would be unable to return the same favour. All associations agreed that some of the IAA led activities would be considered as CPD depending on the area of practice of the members.

Conclusions

The task force recommends to the Executive Committee that, as part of the accreditation criteria, the IAA should require FMAs to require their FQAs to complete CPD activities that are appropriate to the work that they perform and/or contribute more generally to their technical and/or professional development. However each association can decide how best to implement CPD requirements to fit its national/regional context. This requirement could be included as an extension of the Education syllabus or as part of the membership criteria for FMAs included in the *Internal Regulations, Policies and Protocols* of the IAA.

This recommendation aims to: recognize that actuarial work can be very national/regional in context; recognize that CPD should be relevant to the type of work actuaries are doing; and respect the principle of subsidiarity by not forcing any kind of particularly defined material or tuition on any FMA members.

Within this overarching requirement would be a sub-requirement that the FMA monitor compliance with its CPD requirements, and carry out audits of compliance by individual FQAs on a sampling basis. The details would be left to the local FMA; for example, monitoring compliance could range from requiring FQAs to provide declarations of compliance to analysing records of CPD activities submitted by FQAs. The local FMA would report on its CPD requirements (the CPD compliance details and the audit process) with the same frequency (and at the same time) as reporting on minimum education requirements.

The EC could also consider three alternatives:

Alt. 1. Do nothing, which is to replicate the status quo of having no CPD requirement.

Alt. 2. Strongly encourage FMAs to require CPD for their FQAs that is suitable for the actuarial work being performed by those actuaries and appropriate for their jurisdiction, but not make this a requirement for Accreditation.

Alt. 3. Require CPD and define in detail what is required to comply. This would require much more work from the existing or a newly appointed Task Force.

The CPD TF suggests that a further review of this matter take place in approximately five years.

Postscript: It was suggested that, once we settle upon a CPD position, we then look at the role that IAA Committees and Sections can play in providing CPD opportunities.

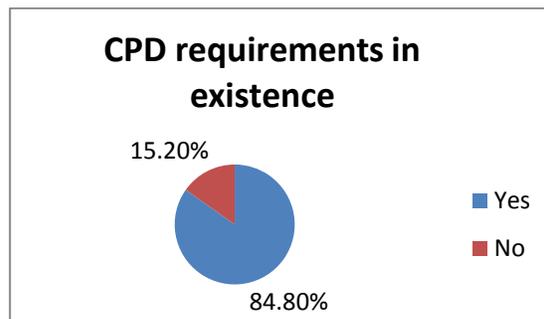
ANNEX 1: Summary of answers from the Continuing Professional Development requirements survey

July 31st was the deadline for associations to complete the survey on mandatory professional development. The survey was sent late June to the list of correspondents from all IAA member associations and representatives from 33 full member associations provided feedback. It should be noted that due to the short timeframe for feedback, some associations could not undergo the process for approving their replies to some of the survey questions. A full list of the respondents is included in Annex 1.

This report presents a graphic summary of the answers provided to each question as well as a synthesis of the comments provided on the questions where associations were encouraged to develop their answers. For complete information please refer to the document entitled: *CPD_Answers_DataCompiled* distributed by e-mail on June 10 and also available in the dropbox.

Question 3: Does your association have CPD requirements?

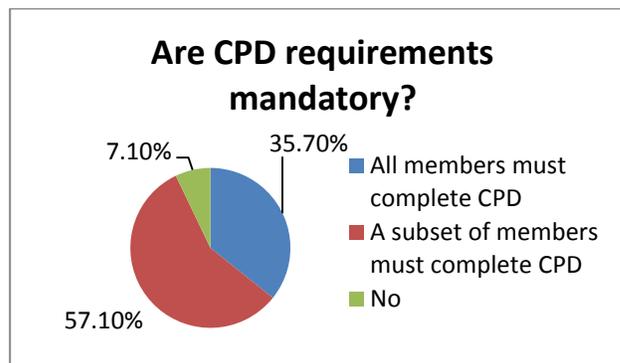
Answer options	Response percent	Response count
Yes	84.8%	28
No (if not, go to question 12)	15.2%	5
Answered questions		33
Skipped questions		0



As indicated in the table, the 5 associations that do not have CPD requirements for their members skipped from question 4 to 12; therefore the next 9 questions include the data of the 28 associations that do have CPD requirements.

Question 4: Are you association's CPD requirements mandatory? (By mandatory we mean that the members must complete the requirements or risk some form of sanction).

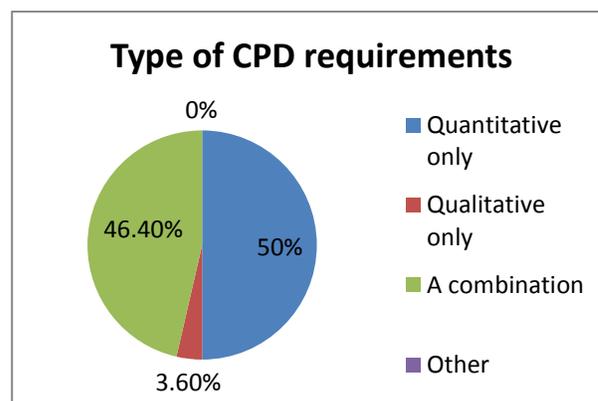
Answer option	Response percent	Response count
Yes, all members must complete CPD	35.7%	10
Yes, a subset of members must complete CPD	57.1%	16
No	7.1%	2
Answered question		28
Skipped question		5



Most associations indicated that members meeting the requirements of IAA fully qualified actuaries are subject to mandatory CPD requirements. They also request mandatory CPD from actuaries issuing *statements of actuarial opinion* and from international members.

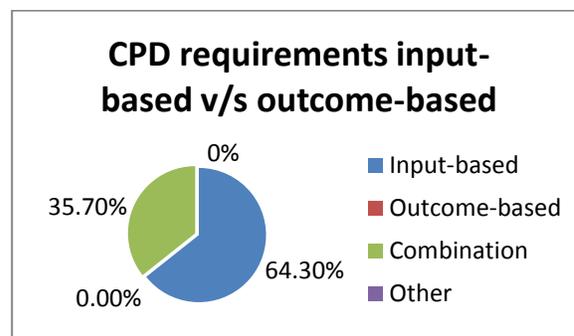
Question 5: Are the requirements quantitative (e.g. a specified number of hours of qualifying activity) or qualitative (a non-numeric allocation) or some combination?

Answer options	Response percent	Response count
Quantitative only	50%	14
Qualitative only	3.6%	1
A combination of quantitative and qualitative	46.4%	13
Other (please specify)	0%	0
Answered question		28
Skipped question		5



Question 6: Are the requirements input-based (e.g. attending seminars, passing exams) or outcome-based (e.g. you can show that you have learned or attained a new definable skill) or some combination?

Answer option	Response percent	Response count
Input-based	64.3%	18
Outcome-based	0.0%	0
Combination	35.7%	10
Other (please specify)	0%	2
Answered question		28
Skipped question		5



Most respondents prefer an input-based type of CPD requirements or a combination. Two of the respondents provided more information by specifying the various ways in which an actuary can combine activities for continuing professional development. The outcome-based part of the combination refers to :

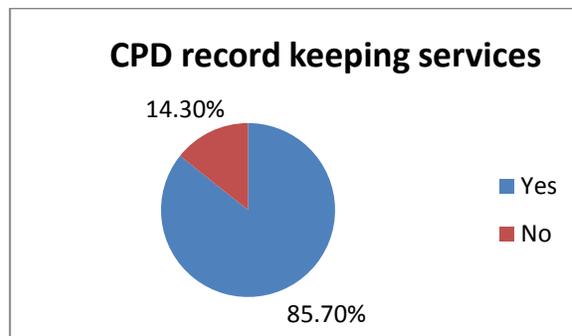
- Many FMAs reward volunteer committee work by allowing it to qualify for CPD credit.

ANNEX 1: Summary of answers from the Continuing Professional Development requirements survey

- Actuaries issuing statements of actuarial opinion must attest that they are sufficiently trained to do so.

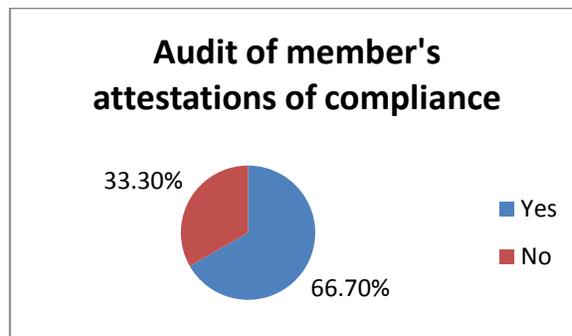
Question 7: Does your association provide a CPD record keeping service for members?

Answer options	Response percent	Response count
Yes	85.7%	24
No	14.3%	4
Answered questions		28
Skipped questions		5



Question 8: Is there an Audit of member's attestations of compliance? If so, what % of members would face an audit in any year or fiscal period?

Answer options	Response percent	Response count
Yes	66.7%	18
No	33.3%	9
If so, what % of members would face an audit		20
Answered question		27
Skipped question		6



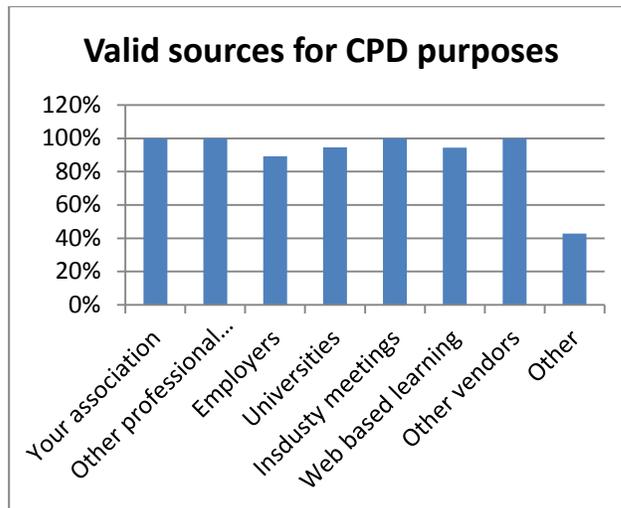
Generally, respondents indicated that 1 to 10 per percent of their members will be randomly selected for an audit. Some associations will select a larger poll of actuaries from particular categories depending on what their education council deems appropriate.

Question 9: Please provide a website where we can review your association's CPD provisions.

The information collected is included in Annex 1 with the name of the FMAs who responded to the survey.

Question 10: Which of the sources listed below is accepted by the association as being valid for CPD purposes?

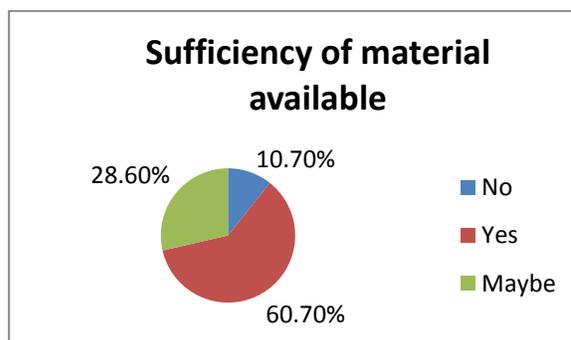
Answer option	Response percent	Response count
Your association	100%	28
Other professional associations	100%	28
Employers	89.30%	25
Universities	94.40%	27
Industry meetings	100%	28
Web based learning	94.40%	27
Other vendors providing CPD	100%	28
Other (please specify)	42.90%	12
Answered question		28
Skipped questions		5



Examples of other types of accepted CPD sources were the member’s participation in tutoring and in activities of the association related to their area of practice as well as self-learning.

Question 11: Does your association provide sufficient material and relevant activities to enable your members to satisfy your association’s CPD requirements?

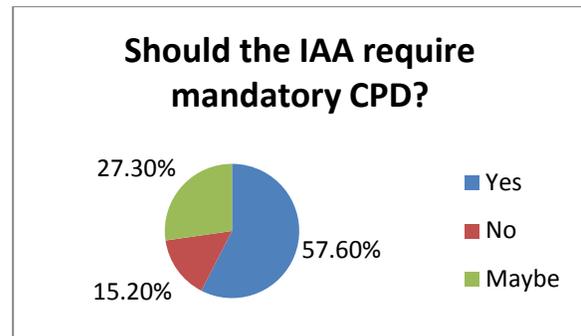
Answer option	Response percent	Response count
No	10.7%	3
Yes	60.7%	17
Maybe (please describe your concerns)	28.6%	8
Answered question		28
Skipped questions		5



In general, the amount of material and instances of continuing professional development offered to members appears to be sufficient. Nonetheless respondents would agree that the material they provide might be lacking in some specific areas leading their members to look for CPD opportunities elsewhere.

Question 12: Should the IAA require, as part of the accreditation criteria, full member associations to set mandatory CPD requirements for their individual members?

Answer options	Response percent	Response Count
Yes	57.6%	19
No	15.2%	5
Maybe (please indicate your comment)	27.3%	9
Answered question		33
Skipped question		0



Most of the respondents agreed to having some sort of CPD requirement of relevance to the members of the association and replying to the needs of their nation or region. They mentioned that the IAA should be flexible and allow associations to establish what is required and how this will be monitored.

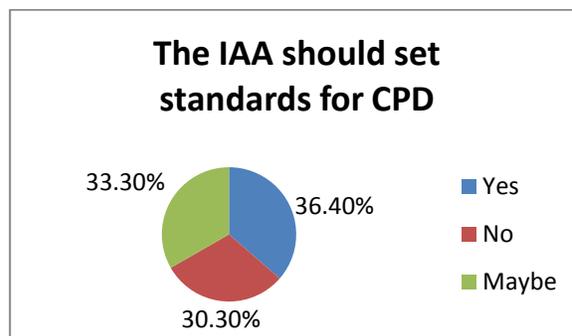
One respondent opposing the idea expressed its concern of undermining what their national associations and other related national bodies have established in terms of comprehensive qualification standards. Practice standards vary across regions and should be left to the local FMA. Further IAA involvement in defining CPD requirement would be in violation of the principle of subsidiarity. Finally CPD might be a source of income for the local FMA.

Question 13: If the IAA should require full member associations to set mandatory CPD requirements, please outline the key requirements you would expect.

Similar to question 12, respondents would agree that the IAA should encourage associations to have a CPD requirement for their members. Should the IAA decide making of CPD a requirement, it was noted that this should have broad criteria allowing actuaries to seek the elements of relevance for their role. Respondents indicating the types of requirements they would expect mention: establish a specific number of hours, establish quantitative requirements, participation on seminars, congresses or web based events followed by the completion of a questionnaire.

Question 14: Should the IAA set the standards for CPD requirements?

Answer options	Response percent	Response count
Yes	36.4%	12
No	30.3%	10
Maybe	33.3%	11
Answered question		33
Skipped question		0

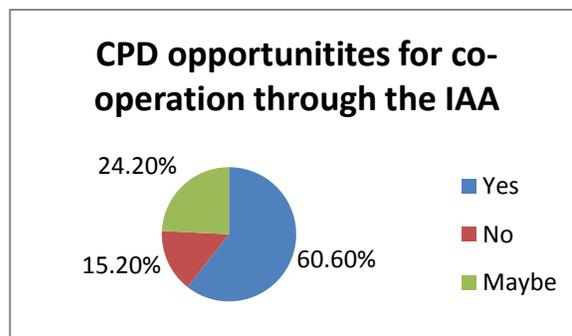


Comments to this question follow the trend of questions 12 and 13 as respondents generally agree that in principle the IAA should set minimum basic standards but allow the associations to establish the details of what is required.

Respondents suggested looking into the possibility of establishing the CPD standards through the ISAPs or the Education Syllabus.

Question 15: Would you foresee opportunities for co-operation on CPD through the IAA?

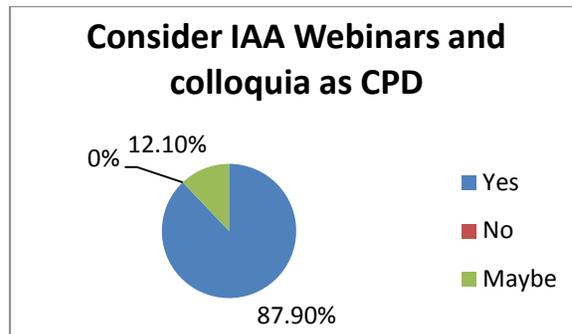
Answer options	Response percent	Response count
Yes	60.6%	20
No	15.2%	5
Maybe (please indicate your comment)	24.2%	8
Answered question		33
Skipped question		0



Comments on this question request more information on the definition of co-operation and what co-operation entails. Associations indicated that limited resources might become a barrier for co-operation.

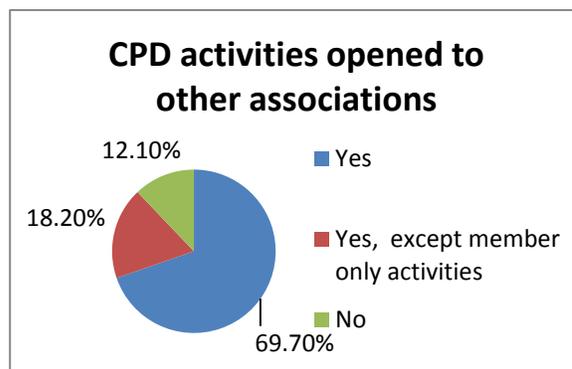
Question 16: Would you regard IAA Webinars, and Colloquia as counting for CPD, subject to relevance to the individual actuary?

Answer options	Response percent	Response count
Yes	87.9%	29
No	0.0%	0
Maybe	12.1%	4
Answered question		33
Skipped question		0



Question 17: Are the CPD activities of your association open to members of other Actuarial associations?

Answer options	Response percent	Response count
Yes	69.7%	23
Yes, with the exception of a limited number of member only activities	18.2%	6
No	12.1%	4
Answered question		33
Skipped question		0



Question 18: What challenges would your association face should the IAA require its full member associations to set mandatory CPD requirements for their members?

Answered question	30
Skipped question	3

Most of the respondents already have CPD requirements in place for their members. They assume that they would not have any problems should the IAA require FMAs to set mandatory CPD requirements depending on the nature of the guidelines established. Although respondents assume that the guidelines will not be restrictive and will not require elements at a higher level than they currently have, they recognize the following points as possible challenges:

- Reinforcement of CPD requirements on actuaries who have never complied with these requirements
- Emergence of legal issues that might impact on the association’s ability to implement CPD requirements set by the IAA
- Establishment of requirements if the IAA sets a limited scope of activities
- Development and implementation of an audit program
- Offering of relevant events
- Copyright and intellectual property for shared material

Question 19: Further comments to the task force.

Answered question	13
Skipped question	20

Most of the respondents that provided comments agree on the importance of having CPD requirements. They emphasize the possibility of allowing a wide range of activities including the unplanned development that occurs during the interaction with colleagues at work and/or with clients.

Collaboration among associations is also encouraged as a means of providing a wider variety of CPD options with limited resources.

Annex 1

List of respondents of the survey and links to their CPD requirements

Actuaries Institute Australia	http://www.actuaries.asn.au/professional-development-regulation/cpd
Bulgarian Actuarial Society	http://www.actuarybg.org/professional-standards/%d0%bd%d0%b5%d0%bf%d1%80%d0%b5%d0%ba%d1%8a%d1%81%d0%bd%d0%b0%d1%82%d0%be-%d0%bf%d1%80%d0%be%d1%84%d0%b5%d1%81%d0%b8%d0%be%d0%bd%d0%b0%d0%bb%d0%bd%d0%be-%d1%80%d0%b0%d0%b7%d0%b2%d0%b8%d1%82%d0%b8%d0%b5/
Canadian Institute of Actuaries / Institut Canadien des Actuaire	http://www.cia-ica.ca/membership/continuing-professional-development-(cpd)
Actuarial Institute of Chinese Taipei	http://airc.org.tw/2011/view.php?item_id=20
Asociación de Actuarios de Colombia	Respondent skipped the question
Hrvatsko Aktuarsko Drustvo	aktuari.hr
Den Danske Aktuarforening	http://www.aktuarforeningen.dk/index.php?option=com_content&view=article&id=42&Itemid=362&lang=da
Eesti Aktuaaride Liit	http://aktuaar.ee/index.php/en/liidust2/continuing-professional-development-cpd
Suomen Aktuaariyhdistys	official pages in finnish: http://www.actuary.fi/fi/kou_jatko2.html summary in english: http://www.actuary.eu/documents/Finland_CPD_en.pdf
Institut des Actuaire	institutdesactuaire.com
Deutsche Aktuarvereinigung e. V. (DAV)	https://aktuar.de/unsere-mitglieder/grundlagen-des-berufsstands/Seiten/default.aspx an English translation of the DAV CPD regulations can be obtained from Martin Oymanns (martin.oymanns@aktuar.de)
Actuarial Society of Hong Kong	www.actuaries.org.hk/doc/CPD%20By%20Law%20italic%202014.pdf
Magyar Aktuárius Társaság	http://actuary.hu/weblap2/
Félag Islenskra Tryggingastærðfræðinga	Only members can access this on our web site
Society of Actuaries in Ireland	https://web.actuaries.ie/cpd
Institute of Actuaries of Japan	Our CPD Scheme is in our members-only web page and also, it is only in Japanese. However we already submitted its English translation to the IAA Secretariat at the IAA CONFIRMATION on 16 January 2015.
Japanese Society of Certified Pension Actuaries	Respondent skipped the question
Lietuvos Aktuaru Draugija	http://www.aktuarai.lt/lt/index.php?option=com_content&view=article&id=64&Itemid=75 http://www.aktuarai.lt/bylos/LAD_CPD_20110601.pdf

Het Koninklijk Actuariel Genootschap	http://www.ag-ai.nl/PermanenteEducatie
Norway Den Norske Aktuarforening	We have decided to start the CPD from 01.01.16
Portugal Instituto dos Actuários Portugueses	http://www.iap.org.pt/index.php/pt/formacao/formacao-realizada (but it needs to be updated)
Udruzenje Aktuara Srbije	Respondent skipped the question
Singapore Actuarial Society	http://www.actuaries.org.sg/?q=node/88
Actuarial Society of South Africa	http://www.actuarialsociety.org.za/Professionalresources/CPDrequirements.aspx
Instituto de Actuarios Españoles	Respondent skipped the question
Svenska Aktuarieföreningen	http://www.aktuarieforeningen.se/vara-utbildningar/
Association Suisse des Actuaires	http://www.actuaries.ch/fr/weiterbildung/cpd/programm.htm
Association of Consulting Actuaries	Respondent skipped the question
Institute and Faculty of Actuaries	www.actuaries.org.uk
American Academy of Actuaries	www.actuary.org/content/us-qualification-standards
American Society of Pension Professionals & Actuaries	Respondent skipped the question
Casualty Actuarial Society	http://www.casact.org/education/index.cfm?fa=ceinfo
Society of Actuaries	http://www.soa.org/cpd/