

Minutes of the Global Actuarial Qualification Task Force (GAQ)

London, England

Staple Inn Hall

Friday, February 24, 2006

16:00 to 18:30

Participants:

Carla Angela, Italy
Robert Beuerlein, USA
Cecil Bykerk, USA on behalf of Steve Lehmann
Peter Clark, UK
Chris Daykin, UK
Yves Guérard, Canada
Alf Guldberg, Chairperson, Sweden
Steve Handler, South Africa
Ron Hersmis, The Netherlands
Jim MacGinnitie, USA
Helen Martin, Australia
Jean-Louis Massé, Canada
Mary Frances Miller, USA
Ulrich Orbanz, Germany on behalf of Norbert Heinen
Céleste Leclerc, Canada
Nicole Séguin, Canada
Cynthia Ziegler, USA

Regrets:

Jean Berthon, France
Luis Huerta, Mexico
Masaaki Yoshimura, Japan

The Chairman welcomed the members of the Task Force and thanked them for their comments received to date. The Task Force agreed to work with its draft report, version 4.5. It was noted that a draft list of recommendations was distributed to the Task Force members prior to the meeting.

The Task Force identified the goal of the meeting as being to determine what product the IAA would want to offer and the feasibility of delivering the product. The final product from this meeting should be an executive summary of the Task Force's recommendations for a global qualification for the 90-day Council agenda to be issued on February 28 for the May 28 meeting in Paris. The reason for including this item on the 90-day agenda was not because it required a majority vote but rather to give associations sufficient time to consider the proposal. A final document will be prepared for the 30-day agenda deadline of April 28.

It was suggested to eliminate the word “qualification” and to change the title of the program to “Global Actuarial Education and Examination System”. The intent is that associations could use the programme to qualify actuaries for their local designation, if they so wished, and/or to use the system in addition to their own.

The IAA would not be granting a degree, qualification or designation, but rather it would be providing a service to IAA member associations that could partly or wholly be used instead of using services from other sources for qualification.

The education and examination system is not replacing any existing system. It will be there to be used along with other systems and will not force any organization to change its existing system if it already meets the IAA accreditation criteria. The World Bank sees this project not only as a means for developing actuaries, but mainly for developing financial services towards achieving financial stability.

Jim MacGinnitie offered the following three reference points:

1. offer a program similar to the CFA (Chartered Financial Analyst)
2. take the education system of a successful association and ask them what they could do to make it global with \$5M
3. take the IAA Fund work and move it up a notch

Whatever programme is developed, it was agreed that universities would need to be integrated into the process. The advantage of an IAA-led approach is that it would carry more clout in negotiations with universities. It was recognized that we could not use the university system for the entire process because that approach would not work in many countries.

Expected changes as a result of the Global Actuarial Qualification (GAQ)

We do not expect any change from the well-developed associations around the world. If we look at a country where there is no system, with few actuaries, and no ability to run an education and examination system, we hope that by making this programme available we would be saving them years and maybe decades of incremental development.

If we look at countries that have recently begun the education and examination system, they might very well adopt the programme because it would enable them to not have to focus on basic education and free them up for continuing education and for professional qualifications in higher level specialties. Well-developed countries may also say that this will enable them to adopt the programme and stop using their own scarce resources for the early parts of the examination process.

The IAA consists of 55 Full Member and 22 Associate Member associations. Perhaps forty members from the second tier of the Full Member category and the Associate Member category would be the target groups for the GAQ.

Target audience

We will need to identify who our target audience will be: university students and / or the business people that can be actuaries? The second tier IAA Full Member associations, the Associate Members and associations that do not exist yet? The part of the world we are looking to serve cannot afford high education costs.

We need to find a system that will be affordable in the countries we are targeting. The programme could help attract bursaries for those from less developed countries. We could ask the universities to do the education, provide the materials, and the examination process. We will need to have some form of examination to be able to guarantee the quality of the product. There will be a need for the IAA to do some quality control.

The IAA Education Committee is responsible for the IAA minimum education requirements and the intended level of the programme is to be set to meet these requirements.

The meeting adjourned at 18:15

The meeting re-convened on Saturday, February 25 at 9:00 a.m.

Minutes of the Global Actuarial Qualification Task Force (GAQ) London, England
Government Actuary's Department
Saturday, February 25, 2006
09:00 to 16:00

Participants:

Carla Angela, Italy
Robert Beuerlein, USA
Cecil Bykerk, USA on behalf of Steve Lehmann
Peter Clark, UK
Chris Daykin, UK
Yves Guérard, Canada
Alf Guldberg, Sweden
Steve Handler, South Africa
Ron Hersmis, The Netherlands
Luis Huerta, Mexico
Jim McGinnity, USA
Helen Martin, Australia
Jean-Louis Massé, Canada
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Ulrich Orbanz, Germany on behalf of Norbert Heinen
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Cynthia Ziegler, USA

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The Germans fully support the objective of complementary global actuarial educational programme but they would rather prefer to retain the current system of accreditation for Full Membership rather than creating an IAA exam. They neither do want to create additional staff at the IAA nor that this project should affect IAA finances directly. The principle of subsidiarity and the diversity of educational approaches are very important and it must be maintained. The German view is shared by Austria, the Netherlands and Switzerland.

It was noted, for example, that the Institute and Faculty of Actuaries (UK) and its exams which are offered in other countries are internationally recognized qualifications and has a UK label attached to it. The IAA programme is an international education programme and must be country neutral.

The IAA proposal would only go so far and then that is when the diversity of various education systems would come in. We want to maintain the various, currently available, higher level education systems. The programme would allow associations who so wishes to concentrate on the higher level of their country specific requirements.

The introduction of an education programme approved by the IAA for use in certain countries would not prevent those countries, if they so wished, from developing their own exam system or adopting another country's system or any other system available. The programme would be an additional possibility for any country who wished to use it. The programme would be available as an academic qualification alongside other possibilities that exist around the world for individuals to use to become a qualified actuary. As a working title, it was agreed to call it "the 56th Way", since the 55 Full Member associations each have their own way of meeting the IAA educational requirements. However, later it was agreed to refer in the report to the "IAA International Education Programme" (IEP).

The intention is also to build the programme as a modular system to facilitate for associations to include whatever parts that are deemed to be complementary to existing local actuarial education programmes.

The World Bank had identified a need for actuaries in many countries. It was clear that if the IAA did not undertake this project, the World Bank would pursue other options, which would mean a significant missed opportunity for the IAA and the actuarial profession.

The system will need significant interim measurement goals. We will need to:

- create a rigorous process for selecting in which countries the proposed system will be tested
- demonstrate success in a very limited time period
- find a way to demonstrate measurable results
- select two countries whose characteristics offer a good probability of success
- identify the criteria for the country selection: GDP, political stability, quality of post graduate institutions, etc.

Steve Handler will work on developing the list of criteria and how they will be measured.

Craig Thorburn of the World Bank mentioned at a recent NAIC meeting that the IAA was working with the World Bank on developing a global education system. Immediately following this meeting, USAID and IADB contacted the World Bank expressing interest.

In relation to the target market for the IAA system of those with some experience, it was suggested that it might be useful to identify those who recently went through actuarial education courses but did not complete them. Jean Lemaire, Steve D'Arcy, Harry Panjer and Rob Brown were identified as good contacts for being able to help identify such

individuals. There are probably other sources such as university alumni lists, but it was recognized that this would be a significant undertaking.

A useful tool for identifying suitable education material might be the self-assessment reviews completed by associations.

Next steps

The draft recommendation section of the report of the Task Force, including a motion, will be sent to the Council with the 90-day agenda to be issued on February 28.

In mid-March, personalized e-mails will be sent to the Council delegates advising that comments will be welcome until April 7. This will give the Task Force some time to consider any comments well in advance of the meeting in Paris with a view of issuing a revised document, if necessary.

The Task Force will plan to meet by conference call on April 18, if necessary, to discuss comments received from the report on the Council agenda.

The Task Force will meet in Paris on May 25 from 8:00 to 10:00 a.m.