



SOCIETY OF ACTUARIES

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# Continuous Professional Development

by Paul H. Grace

Many refer to Continuous Professional Development (CPD) as lifelong learning but I believe that CPD goes beyond lifelong learning; the critical difference is the word “professional.”

Virtually everyone embarks on lifelong learning from the moment they are born until old age. Whilst this will be apparent for those undergoing full-time education, most continue to learn new things, new ideas and new concepts beyond retirement. Technological developments mean that people learn to use new gadgets and equipment. People learn to live with new legislation. People learn about what is happening in the world around them via the media, whether newspapers, magazines, radio or TV. By travelling, people learn about other cultures. A lot of lifelong learning is voluntary.

The public have confidence in the case of people following a profession—medical, legal, actuarial, accountancy, etc. They expect the professional to understand their needs and the relevant legislation and use techniques and expertise to give them sound advice. In other words, the public expect the professional to be competent and to have the relevant experience. Experience comes with practice over a period; competence has to be maintained. Thus people expect a doctor to be able to diagnose a medical condition, or if necessary refer them to a specialist with the relevant knowledge, and having diagnosed the condition use the latest treatments to control, if not cure, the condition. Likewise someone consulting an actuary expects the best available advice taking into consideration their requirements, economic climate and legislative environment. Lifelong learning for a member of a profession is not a voluntary activity—it is obligatory and it extends to all aspects of the professional's work:—technical skills, personal skills and business skills.

Actuaries need to carry out CPD to help ensure that they are competent to provide actuarial advice. It is not just technical skills and competencies that have to be developed

and kept up to date, but also personal, professional and business skills and competencies.

## Actuarial CPD Schemes Around the World

In 2006 the International Actuarial Association (IAA) conducted a survey of Member Associations' CPD Schemes—the results were published at the 28th Congress held in June 2006 in Paris. Most associations responded. But less than 50 percent of the respondents had a formal CPD Scheme; however, schemes covered about 80 percent of the world's qualified actuaries.

The Society of Actuaries (SOA) was amongst those associations without a CPD Scheme of its own, but most of its members, including all those working in the United States are members of the American Academy of Actuaries (AAA), via its Qualification Standard, who have a CPD Scheme. Furthermore, many members of the SOA working outside the United States are members of the association in the country where they are working and will be subject to the CPD requirements of that association. The SOA's Board of Directors charged the SOA's Knowledge Management Strategic Action Team (KMSAT) with the task of establishing a CPD Scheme applicable to all its members. An exposure draft process on the proposals has been recommended with a view to their implementation on Jan. 1, 2009. This article does not consider these proposals.

The scope of the schemes in existence varied enormously. About 80 percent of the CPD Schemes prescribe a minimum amount of CPD each year, usually measured in hours, although some associations allocate varying weights to different types of CPD. The minimum number of hours prescribed ranged from 15 to 50 hours p.a., the most common being 15 hours. Some prescribed that certain issues should be covered, e.g., relevant legislative changes. The breadth of possible CPD activities is generally quite wide—and some associations recognise the value of self-study. Many associations



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require those actuaries working in non-traditional areas to do CPD. Only a small number organize examinable CPD. Many associations monitor that their members are meeting their CPD requirements, failure to comply can lead to loss of practicing rights or even loss of membership.

The table below summarizes the CPD Schemes for members of the associations in Australia, Canada, Hong Kong, Mexico, South Africa and the United Kingdom, as well as the American Academy.

Country/ association	Minimum number of hours per annum (p.a.). These may in some cases be averaged.	Summary of CPD Scheme	Anything specific specified	Exemptions	Limitations on provider	Treatment of Self-study	Any other requirements
United States – Academy	30	CPD needs to be done if individual wishes to practice and will issue "statement of opinion." "Organized Activities" (OA) involve actuaries or other professionals working for other organizations. CPD is self certified. Failure to comply leads to disciplinary action.	At least three hours must be on professionalism issues and at least six hours on organized activities. If the actuary issues Statutory Statements of opinion, he/she must do 15 hours, of which six hours must be OA, gaining knowledge related to such opinions.			Self-study is permissible.	Some examinable CPD is offered.
Australia	40 – this can be averaged over two successive years subject to at least 20 hours in any one year.	All members required to do CPD. Annual declarations are required and there are random checks. Failure to comply results in loss of practicing rights and possible disciplinary action.	CPD can either be in general actuarial techniques or one's specialist area.	Those not providing a professional service and either retired or on extended leave.	In the case of commercial activities, they only count if they result in improvement and broadening of knowledge.	Self-study is permissible.	Those providing pro-bono actuarial services must do CPD.
Canada	100 hours over a two year period. (other references to amount of hours required also relate to a two year period.)	All members required to do CPD. At least 24 hours every two years must be structured, i.e., activity where more than one point of view is provided. Annual declarations are required. Failure to comply initially regarded as a membership issue but continued non-compliance could invoke discipline process.	12 hours of structured CPD must cover technical skills, 4 hours of structured or unstructured on professional issues and 4 hours of either structured or unstructured on business/ management skills.	Those not practicing, retired or not employed. Associates still sitting exams. But two year requirements apply to those returning to work.		Self-study counts as unstructured – but discussing outcome could count as structured.	
Hong Kong		CPD is not mandatory but all members are members of another association which may or may not have a mandatory scheme. Members are deemed to have met HK requirements if they have met those of own association.	Reasonable proportion of CPD activities should be on HK issues. Sometimes business or management skills might be included in requirements.				
Mexico	40	Mandatory for holders of certificates. 32 hours at seminars or courses with formal examination; the rest not evaluated. Failure to follow CPD program leads to loss of certification.	Courses approved as part of CPD scheme. Six hours must be spent on legal issues and at least eight hours on specialist technical issues.	Scheme only applies to certificated members.	Courses for evaluated CPD must be approved under scheme.		Special rules apply if you have certification in more than one specialist area.
South Africa	15 formal and 52 informal	Formal CPD involves attendance at meetings organized by association, etc. Not more than 7.5 hours for any day and not more than 15 hours per event. Compliance is self-certified. Failure to comply can lead to loss of Practising Certificate.	None unless new technical issue arises. Professional issues are discussed at some sessional meetings and at annual convention.		Not more than 7.5 hours p.a. may be provided by events attended solely by colleagues.	Can be included in informal activity.	
United Kingdom – Faculty and Institute	15 except for those not working in specialist actuarial areas who determine their own amount of CPD.	Activity that is observable by others classified as verifiable, includes self study leading through to a presentation otherwise non-verifiable. Required to complete CPD record on Web site. To count as verifiable must retain evidence of attendance.	At least 10 hours relevant to practice area; at least two hours on professionalism skills; at least four events including two events covering technical skills. Practice Boards can specify issues to be covered.	Retired members, unless doing voluntary work, are completely exempt.	Those with (statutory) practising certificates must have obtained at least five hours of relevant CPD by attending events not predominantly attended by colleagues.	Non-verifiable not allowed for those with (statutory) practising certificates	Attendance at professionalism course at least once every 10 years.

## IAA Proposed Strategy

The IAA Education Committee includes CPD within its remit and has been developing a strategy to address the issue. This article reflects the proposed strategy that will be discussed at the IAA meetings in Dublin in October—the proposals have been well received so far, whether they are adopted as guidance to member associations remains to be seen. Not surprisingly the proposed strategy has regard to the current practices of many of the IAA's member associations.

It is the individual actuary who is aware of the work he/she does and thus the scope of required knowledge and competencies—it is the individual actuary who is best placed to plan his/her CPD program although his/her association and possibly even the IAA might provide guidance as topics to be taken into consideration in developing a CPD program. For many actuaries their CPD program is likely to be integrated with any development program they have agreed to with their employer.

The reputation and status of the actuarial profession depends on actuaries giving relevant and up-to-date advice. It follows that all actuaries should undertake CPD.

On qualification, actuaries are at the start of their careers and still have much to learn and experience to gain, so CPD will be essential to continue the process of development. Actuaries need to keep up with the development of new products and with the new types of risk that might evolve over time. It is important that actuaries keep abreast of developments in actuarial techniques so that the work done is up-to-date and relevant. Actuaries need to be aware of current methodologies and factors which may affect the suitability of models and assumptions; in the case of new techniques it may be necessary to distinguish between the desirability of acquiring the ability to perform new techniques and the necessity to understand that the technique exists and what its uses are. Stochastic modelling is such an example.

Actuaries need to be aware of developments in national and international legislation and accounting standards as well as keeping up

with new actuarial standards of practice and modifications to existing standards. When moving between countries or working in an international environment, actuaries need to understand the different products and risks in different countries, the regulatory and legislative framework in each country and the applicable accounting standards and actuarial standards and practices.

Actuaries may take on a number of different roles, over their careers, including managerial roles, and personal development will be necessary to equip them for these new roles. The expansion in the profession means that actuaries are moving into new areas of practice with the consequent need for development.

Actuaries need to be regularly challenged to think through professionalism questions; for example, dealing with conflicts or public interest issues.

An actuary who is still working but no longer providing actuarial advice, for example, a senior executive or someone possibly retired from full-time employment but engaged as a non-executive director, may be known by colleagues to be an actuary and thus a professional should ensure that he/she remains competent for the work he/she is doing, i.e., follow a CPD program appropriate to the work being done.

In planning his/her personal CPD program, an actuary should set objectives, the CPD activities should relate to these objectives and include practical application of the knowledge gained. The individual should consider how to monitor progress on the objectives, possibly in conjunction with his/her employer.

CPD can be achieved in a number of different ways:

- Attendance at local, national or international actuarial meetings, seminars, colloquia and workshops.
- Attendance at courses, given by actuarial associations, universities and other bodies.
- Participation in discussion groups on actuarial topics, possibly amongst

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colleagues or peers and possibly via the Internet.

- Participation as an examiner in actuarial examinations.
- Study for a further qualification including membership of other relevant professional bodies.
- Writing papers and books.
- Giving talks or making presentations to colleagues or at conferences or seminars.
- Private reading of relevant journals and books.

Self-study is perhaps the most valuable form of CPD—it can be carried out at a time most convenient to the individual, it can be targeted at the individual's requirements and a point not initially understood can be revisited. However, whilst the outcome should be easily reflected in subsequent work done by the individual, it is the most difficult form of CPD for monitoring. One way of demonstrating the results of self-study is a presentation on the outcome to colleagues.

Some associations encourage participation in CPD events attended by actuaries from various organizations (external CPD) instead of those provided solely for actuaries of a particular firm (internal CPD); the concern being that internal CPD events may reflect too closely the employers views on issues.

The amount of CPD that an actuary does is a personal decision. However, many associations that operate a formal CPD Scheme specify the minimum amount of CPD a member should do and some stipulate its form and topics or issues that should be covered. Minimum requirements that are specified range from 15 hours to 50 hours per annum, averaging in the region of 25 hours per annum. Specifying minimum requirements means that all an association's members are conscious of the need to follow a CPD program.

In the case of actuaries working in a territory other than where their association is established, their association may have regard to the CPD requirements of the IAA

association that is based in the territory in which the actuary is working, and may require such an actuary to comply with such requirements.

Even where an actuary's association is not operating a CPD Scheme, it is good practice for each actuary undertaking CPD to maintain a personal record. Some associations offer a facility on the Internet for their members to record their CPD activities. This record should consider the development undertaken and a reflection by the actuary on the learning that has taken place with indications of future learning and development activities.

Monitoring of CPD records is carried out by some associations. In this connection some associations distinguish between CPD that can be verified, for example, attendance at a conference for which there is a list of delegates available, and that which cannot be verified, which could include some self-studying. Some other associations distinguish between formal and informal CPD activities, formal typically being conferences, seminars, etc. and informal primarily self-study. Failure to undertake CPD in accordance with many association's schemes can lead to disciplinary action by the individual's association.

The survey of CPD carried out in 2006 by the IAA highlighted lack of adequate resources, in particular by smaller associations, to deliver adequate CPD for their members. This is clearly an area in which the IAA should play a role and it is currently considering what it can do. In the meantime it will encourage each association to formulate its own CPD strategy and will provide guidance to any association wishing to develop a CPD strategy. The need of CPD will be taken into account by the IAA (and its sections, i.e., ASTIN, Life, etc.) when organizing events. The IAA is planning to create a CPD database, incorporating a diary of forthcoming events and links to CPD material; this of course will be dependant on cooperation by associations in drawing relevant events to the attention of their members. □