



SOCIETY OF ACTUARIES

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Meeting globalization

SOA tackles mutual recognition issue while protecting FSA

by Neville S. Henderson

As trade barriers are being modified or eliminated to accommodate the rapid globalization of business, professional organizations are facing increasing pressures to recognize the qualifications of members of similar groups around the world. Various free-trade agreements have either imposed some form of mutual recognition on professional bodies to accommodate globalization or are contemplating doing so. The international accounting profession has embarked on a project to define and adopt mutual recognition. In 1992, the European Union (EU) imposed a mutual recognition requirement on professionals, including actuaries, and the EU actuarial organizations, Group Consultatif, adopted a mutual recognition agreement in 1997. The Society of Actuaries is now dealing with this issue and is seeking member reaction and input.

Mutual recognition does not mean opening the FSA designation to less qualified individuals. In the context currently being considered, it means executing a series of bilateral agreements between participating organizations. If the educational material

and degree of testing are similar between two countries or organizations, a mutual recognition agreement could be put in place recognizing either jurisdiction's credentials subject to an examination or work experience requirement in the host country. Recognition may be restricted to professionals who have earned their credentials through their home country's examination system. Thus, professionals who have earned their designation through alternative means can be excluded from the mutual recognition arrangement. Once implemented, mutual recognition grants all rights, privileges, and responsibilities of the host country.

The SOA Task Force on Mutual Recognition was appointed at the March 1999 meeting of the Society's Board of Governors. The task force has been asked to review the mutual recognition agreement proposed by the Canadian Institute of Actuaries, the Institute of Actuaries, the Faculty of Actuaries, and the Institute of Actuaries of Australia and to make a recommendation to the board for discussion and possible approval at the September 1999 board meeting. Prior

to reviewing the proposal in detail, the task force has decided to assume mutual recognition is in the profession's best interest and develop a model approach for implementing the concept so there would be no denigration of the FSA designation. The task force's approach will then be compared to the proposed agreement. While this methodology results in some redundant effort, it also reduces the risk that task force members would be influenced by existing ideas that may seem sound on the surface but don't stand up to scrutiny.

Since this issue is of interest to all Society members, the task force is seeking member reaction and input. We believe that this approach will help to ensure that the task force considers all implications and satisfactorily addresses any potential concerns. The task force is looking forward to receiving your comments.

Neville S. Henderson is chair of the SOA Task Force on Mutual Recognition. Comments may be directed to the task force by e-mail to neville.s.henderson@ca.pwcglobal.com.

Award to honor research in financial security

Entries are due Sept. 15 for the Paul A. Samuelson Award, sponsored by the TIAA-CREF Institute. The award, named for the renowned economist, recognizes outstanding research that might be useful to the public and private sectors in maintaining and improving Americans' lifelong financial security.

Applications and details are available from Douglas Fore, manager of pension and economic research, TIAA-CREF Institute, 730 Third Avenue, New York, NY 10017-3206 (phone: 800/842-2733, ext. 7768; e-mail: dfore@tiaa-cref.org).

IACA meeting update

Enrolled Actuaries can earn EA credits at the International Association of Consulting Actuaries' (IACA) biennial meeting, June 4-8, 2000, Hershey, Penn. (See "IACA sets 2000 meeting, lowers dues," *The Actuary*, April 1999).

Meeting details are available from Shermer Associates (phone: 717/545-9991; e-mail: shermer.assoc@paonline.com). The e-mail address was incorrect in *The Actuary's* April story.