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Getting in step with education worldwide

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In the past few months, the Joint Task Force on Academic Relations has been preparing a white paper, "A Partnership between the Academic Community and the Actuarial Profession," to distribute to the governing bodies of the Society of Actuaries and the Casualty Actuarial Society (CAS) at their October and November 1999 meetings. If authorized by the boards at their January and February meetings for distribution, the white paper will be sent to CAS, Canadian Institute of Actuaries (CIA), and SOA members early in 2000 for review and comment. It will outline the objectives for a partnership, a vision of what the partnership would be by 2005, and what existing and new initiatives could make the vision a reality.

Landmark events

As the task force met and discussed the issues, it soon became evident that events in the international business and actuarial world have placed us right in the middle of a move toward a common global standard by which to judge actuarial qualification. These events include:

- In 1992, the European Union (EU) mandated freedom of professional practice among its member nations, requiring mutual recognition of professionals, including actuaries.
- In 1997, Le Groupe Consultatif, an association of European actuarial organizations, adopted a mutual recognition agreement that all member companies are required to sign.
- In 1998, the International Actuarial Association (IAA), which represents 50 countries and 97% of the world's actuaries, approved educational guidelines and a syllabus for internationally recognized actuarial qualifications. In 2005, the IAA will introduce minimum educational requirements for member organizations.
- The Faculty and Institute of Actuaries in the United Kingdom and the Institute of Actuaries of Australia have entered into a mutual recognition agreement. The CIA has decided to enter into agreements with the U.K. and Australian organizations.
- In January 2000, negotiations begin with respect to the General Agreement on Trade in Services (GATS), a worldwide treaty that will affect mutual recognition of services, including actuarial practice.
- The North American Free Trade Agreement is moving forward, of which mutual recognition is a component.
- In September 1999, the SOA Task Force Regarding Mutual Recognition, with representation from the CAS, concluded that some form of mutual recognition is imminent. It recommended that the SOA be proactive to address the issue by selecting criteria and specifying a process for establishing bilateral agreements with the Institute and Faculty.

Asking hard questions

Even before some of the most recent events, the task force looked at other models of actuarial education in the rest of the world that are much more university-focused and asked itself some hard questions. Could some of the successful aspects of university-based actuarial education and exam exemption models in other countries be adapted to the North American self-study system? Considering the worldwide trend toward university-based instruction with a qualifying uniform exam at the end and the IAA move toward a common standard of qualification, was it time to consider a significantly closer relationship between university education and actuarial qualification?

In considering these questions, the joint task force reaffirmed its stance that the actuarial profession must retain ultimate responsibility and accountability for the professional qualification of its members. The possibility of an exclusively university-based process in actuarial education and professional qualification was never a consideration in the task force's deliberations.

Around the world

Nevertheless, the CAS and the SOA appeared to be among the few actuarial organizations in the world using an actuarial education and professional qualification system that gives little or no formal recognition to academic work. Recent discussions on the Academic Relations List Serve included comments from Chris Daykin, 1994-96 president of the Institute of Actuaries and author of "Educating Actuaries" a paper published in the *26th International Congress of Actuaries 7-12 June 1998 Transactions* (vol. 1, pp. 111-143). While the United Kingdom allows exemptions from examinations on the basis of a limited number of accredited university programs, "this is by no means an automatic process," Daykin wrote. "It is possible to get a good quality degree without getting all the exemptions which are in principle available, as the exemption standard requires quite a high mark ... in the subject for which the exemption is being sought."

In Australia, credits up to the level of Associate can be reached through exemptions, noted Michael Sherris, professor of actuarial studies at the University of New South Wales, Sydney, in his list serve message. For any exemptions, students "need to obtain above average grades ... and syllabus, standards, examinations, and grading are all reviewed by external

practicing actuaries and external examiners from the profession.” Though Associate status in the Institute can be reached by completing at least four years of university study and achieving high grades, students must complete their Fellowship “by doing practice-based subjects through the profession and the professional examinations plus a professionalism course.”

Three universities in Australia and about 10 in Great Britain are accredited to provide actuarial programs that qualify for exam credit. In Great Britain, about 60% of the students received their exemptions for the statistics exam and 40% for the economics exam in 1998. For all other exemptions, the Faculty and Institute require an independent examiner approved by the profession.

The 1998 Daykin report gave a comprehensive summary on education and examination requirements for actuaries in other countries. “Professional examinations are organized for national use by an increasing number of actuarial associations, including those in Japan, Australia, the Netherlands, Germany, and Switzerland,” he wrote. Many countries continue to rely principally on the universities for actuarial education, according to the report, although in a number of cases the content and syllabus are subject to consultation between

the universities and the actuarial associations or, in some cases, regulatory or other government authorities.

Some associations in the EU, Daykin wrote, “have embarked on the creation of their own professional examination systems, usually as a supplement to university-based education, dealing with the ‘fellowship’ level, but sometimes (as in the Netherlands) to be available as an alternative to the usual university route.”

Task force report

Recognizing the dynamic global dimensions of the actuarial profession today, the task force preliminary report in September 1998 set a clear objective to “create and maintain a basic education system and continuing education system that can best accommodate current models of actuarial education and professional qualification used in other parts of the world. Qualified actuaries will be recognized regardless of where they qualified.”

Currently, the task force’s “Vision of the Partnership in 2005” includes a new alternative for basic actuarial education that emphasizes university training. All the current methods of actuarial training through independent study would be preserved, but a new option would offer credit for all exams jointly sponsored by the SOA and CAS by taking a single comprehensive exam.

This option could be offered to students who complete an academic program accredited by the profession and who receive the required grades.

The Joint Task Force on Academic Relations realizes this option will be controversial and raises questions about accrediting academic programs that meet the current high standards for actuarial education. However, these issues can be resolved, just as the United Kingdom, Australia, and other countries worked through the challenges to their cooperative ventures in actuarial education. The reasons for this new direction, including the trends in actuarial education worldwide, are too compelling to ignore.

Your views are needed

The Joint Task Force on Academic Relations will present its recommendations during the SOA Annual Meeting in San Francisco at an open forum at 2 p.m. Oct. 18. Please share your comments in this session or post them on the 240-member Academic Relations List Serve. Go to the SOA Web site (www.soa.org), then to *List Serves*, and follow instructions to join. **Steve Radcliffe, executive vice president, American United Life Insurance Co., can be reached by e-mail at Steve.Radcliffe@aul.com.**

Hong Kong office now supports 5 actuarial groups

The Faculty and Institute of Actuaries in Great Britain, the Institute of Actuaries of Australia, and the Actuarial Society of Hong Kong (ASHK) have joined with the SOA to fund a Hong Kong office for the actuarial profession.

Established in 1997 as the SOA representative office, the operation is being expanded and renamed the Joint

Actuaries Office. The new office will continue to serve the SOA’s China Region Committee and Southeast Asia Committee.

Patricia Kum, the new coordinator of Asian services, was hired by the ASHK, which is now the office’s service provider. The coordinator’s role is growing to include activities related to all participating organizations. The

joint arrangement is expected to lower the SOA’s costs of maintaining the office while providing integrated service in the region to both the students and members of all the participating organizations.

The office will continue to be located in MetLife’s Hong Kong facility until another suitable space can be found.