SOCIETY OF ACTUARIES

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PRINCIPLES TO LIVE BY

BY STEVE EADIE

AT ITS FEBRUARY 2010 MEETING, the SOA Board of Directors approved a recommendation from the Transfer Knowledge Team (TKT) to adopt a new set of Principles for SOA Education. The approved set of principles can be found at *www.soa.org/files/pdf/edu-principles.pdf*.

Q: Why did the TKT conduct a review of the Education Principles?

A: The simple answer is because the Board asked us to. In fact, the request for this review is a positive outcome from the Future Education Methods (FEM) discussion that held the profession's attention for a good portion of last year. After consulting the membership in August and September of 2009, the Board discussed FEM and members' reaction to the concept at its October 2009 meeting. At that meeting, the Board decided that it would not continue to investigate FEM in its then current form, but noted that it would have been helpful to have had a better framework for measuring the potential implications of FEM and any other education initiative that might be considered in the future. What the Board was seeking to answer was: "What are the principles that should guide us in making a decision about an education initiative like FEM?" As a result of this discussion, the Board passed a motion asking the TKT to review the principles of prequalification education.

Q: Didn't we already have Education Principles?

A: Of course we did. It's just that we hadn't reviewed the principles recently. The last review was during the early stages of the Education Redesign project that began in 2000. That's right. Almost 10 years have elapsed since our last education redesign! These principles were developed by the members of the Education Redesign Task Force and were reported to the membership through an article in *The Actuary* in May 2003. They were based, in part, on previous education principles that probably go back to before I was born.

Q: Did the TKT recommend changes to the Education Principles?

A: Yes, but most of the changes just clarified the existing principles. There were, however, two very important changes.

The first was that we added a principle requiring the Education system to "incorporate the elements of the SOA Competency Framework as appropriate." The elements of the SOA Competency Framework are listed on the next page. The Competency Framework was developed in 2009 after extensive consultation with our members, employers, potential employers and other interested parties. The framework sets the high-level competencies that our key stakeholders, including employers, clients and the public are expected to demand from actuaries in the future.

In the past we had principles that required attention to rigor and a long-term perspective instead of the Competency Framework Principle. Now we have a Competency Framework Principle that, if it is adhered to, should allow us to achieve the necessary rigor and long-term perspective.

The second change was that we split one former principle into two. We used to have an Education Methods Principle. We now have a Learning Methods Principle and an Assessment Methods Principle. We think it is important to always be aware of both aspects of education; delivering learning opportunities and assessing the achievement of the candidates and their learning outcomes.

Q: What are the new principles for SOA Education?

A: EDUCATION PRINCIPLE: Develop actuaries who are able to deliver a service of quality and high standards that meet the current and projected future needs of employers, clients and the public.

This is the SOA Education system's primary objective. I think it is self-explanatory and

unambiguous. I wonder if I will think it is self-explanatory and unambiguous in 10 years.

ATTRACTION PRINCIPLE: Attract candidates who are likely to become successful actuaries.

I think everyone will have their own spin on what is meant by the reference to becoming a successful actuary. To me, it is a candidate who is well positioned for a career that will bring personal and professional satisfaction. To attract candidates we need an Education system that is viewed as a desirable choice by our potential candidates. They will demand a system that is accessible, flexible, transparent and educationally sound.

COVERAGE PRINCIPLE: Ensure coverage of core topics common to all actuarial disciplines, as well as topics related to specialty requirements and to the emerging needs of the profession, so as to prepare actuaries to take on their chosen role(s) in a variety of different areas of actuarial practice.

Cover core, specialty and emerging topics. That pretty much covers it! This principle was formulated as part of the 2005 Education Redesign work. We liked it then and only made minor modifications to clarify the principle during this review.

COMPETENCY FRAMEWORK PRINCIPLE: Incorporate the elements of the SOA Competency Framework as appropriate.

I think this is an important addition to our principles. Adherence to this principle should ensure that our Education system will remain aligned with the needs of our candidates, employers, potential employers and the public. Application of this principle will allow us to progress as the technical and nontechnical competencies required to be a successful actuary evolve.

LEARNING METHODS PRINCIPLE: Achieve quality learning by using the best and most appropriate methods available.

Delivering appropriate learning opportunities and assessment methods for each of the eight current competency areas is an effort that has been a key consideration for quite some time. For example, the SOA added a new learning delivery system for professionalism, one of the eight competencies, almost 25 years ago—the Fellowship Admissions Course (FAC). Recently, new learning opportunities to develop communication skills, another of the eight competencies, were added through the introduction of the Fundamentals of Actuarial Practice course, the FSA modules and the Decision Making and Communications module. These e-Learning requirements allow the candidates to practice their written communication skills by completing end-of-module exercises, assessments and projects, while the FAC provides the opportunity for candidates to demonstrate oral communication skills via preparation and delivery of formal presentations to their peers.

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Implementation of information, instruction and education delivery methods that are not traditional will be necessary to assist members in further developing their knowledge, skills and abilities. For example, fostering results-oriented solutions begs for the use of case studies and group learning, not individual self-study.

SOA Competency Framework

COMPETENCY	LEGEND	DEFINITION
Communication	C	Demonstrating the listening, writing and speaking skills required to effectively address diverse technical and nontechnical audiences in both formal and informal settings.
Professional Values	P	Adhering to standards of professional conduct and practice where all business interactions are based on a foundation of integrity, honesty and impartiality.
External Forces & Industry Knowledge	EF	Identifying and incorporating the implications of economic, social, regulatory, geo-political and business changes into the design and delivery of actuarial solutions.
Leadership	L	Initiating, innovating, inspiring, creating or otherwise acting to influence others regardless of level or role toward a common goal.
Relationship Management & Interpersonal Collaboration	RM	Creating mutually beneficial relationships and work processes toward a common goal.
Technical Skills & Analytical Problem Solving	TS	Applying the actuarial knowledge, skills and judgment required to provide value-added services.
Strategic Insight & Integration	SI	Anticipating trends and strategically aligning actuarial practice with broader organizational business goals.
Results-Oriented Solutions	RO	Providing effective problem solving that addresses relevant interests and needs.

This principle requires the continued introduction of new instructional technology developments and both innovative and engaging delivery techniques into our education system. Simply using a method because it was used in the past will not be acceptable in the future. We have already followed this principle in practice;

The Interim Assessment and the Final Assessment are not easier or harder than our traditional proctored examinations. …

for example, we introduced e-Learning as a method to deliver learning opportunities to our candidates beginning in 2006. e-Learning enables us to use case studies, discussion forums and practical exercises as part of the candidate's learning experience. We also introduced Validation by Educational Experience (VEE) to our requirements during the redesign. We believe the learning objectives covered under the VEE portion of the current system are best delivered through course work and not through self-study.

In practice, the learning methods actually employed may not always be the ideal, or most cutting edge, due to cost constraints or impracticality. However, the methods used must always be appropriate and of high quality.

ASSESSMENT METHODS PRINCIPLE: Select assessment methods that are appropriate for the subject matter and effectively discriminate between candidates who have and who have not met the standards set for the material being assessed.

Again, we have introduced different and alternative assessment methods.

The VEE portion of our current system, while not tested by the SOA specifically, requires evidence of satisfactory completion of an approved course before credit is granted.

The Fundamentals of Actuarial Practice course requires completion of an Interim Assessment and a Final Assessment. These assessments are designed to elicit sample performance that verifies mastery of course concepts and application of learning. The Interim Assessment is an open book examination consisting of short-answer questions completed over a period of up to one month. The Final Assessment, completed in a 96-hour period, is an authentic and practical assessment. It requires candidates to perform a series of significant and relevant tasks to solve a problem and effectively communicate the results. The method enables measurement of complex, higher-order competencies that are difficult to assess with traditional measures. The assessments are not proctored, but there are controls in place. Candidate submissions are subjected to plagiarism-checking software scanning and are formally graded. The Interim Assessment and the Final Assessment are not easier or harder than our traditional proctored examinations, but they are different. They are valid and reliable methods designed to measure what we want and need to measure.

We have also introduced computer-based testing for three of our preliminary examinations. Such examinations are offered up to six times a year.

INTERNATIONAL ORGANIZATIONS PRINCIPLE: Conform to education guidelines of the International Actuarial Association (IAA) and the Global CERA treaty, and other guidelines as directed by the SOA Board.

This principle will obviously evolve as international requirements evolve. We need to ensure that our members continue to be respected worldwide. We also need to ensure that we participate effectively in international initiatives.

The Global CERA treaty, in particular, is an important development. Once it is fully implemented, the CERA credential will be respected worldwide and will recognize actuaries globally who meet stringent education requirements in enterprise risk management (ERM) and are governed by a strong code of professional conduct.

INTERNATIONAL CANDIDATES PRINCIPLE: Recognize that candidates are located throughout the world and that SOA designations and credentials have worldwide respect.

SOA members practice throughout the world. We must always be aware that we have a worldwide audience. How we deliver educational opportunities is particularly affected by the fact that we have a worldwide audience. How we assess achievement is also affected; we have many candidates who use English as their second language.

DESIGNATIONS PRINCIPLE: Recognize that the SOA designations and credentials are used for qualification purposes other than SOA membership.

This is a very important principle to all of our members. The qualification standards of

other bodies do influence what we do. The qualifications standards are not, however, controlling since other jurisdictions can, and often do, require additional educational components to meet their objectives.

If we meet our other objectives effectively, our members should continue to be recognized as meeting the educational standards imposed by other jurisdictions, but we must remain mindful of those standards.

We must carefully consider what each of our designations and credentials means. How will the meaning of FSA, ASA and CERA shift over time?

STAKEHOLDERS PRINCIPLE: Consider the perspectives of key stakeholders, including candidates, members, employers and the public.
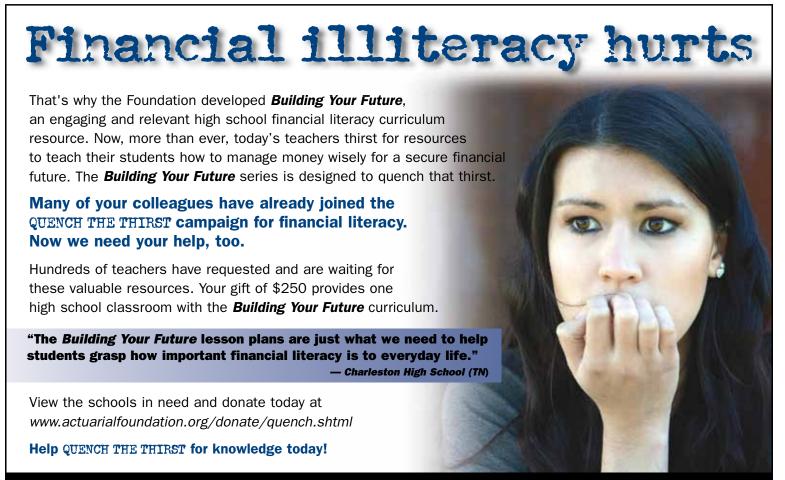
The key stakeholders listed are the four primary stakeholders identified in the SOA Strategic Plan. It is important to consider each stakeholder as the Education system evolves to meet our future needs.

I believe the principles approved by the Board establish an appropriate framework for our staff and volunteers who work in the education system on a day-to-day basis. They should give us the flexibility to make informed decisions with respect to establishing the right instructional objectives for our candidates and appropriately assessing their learning outcomes.

We will deliver an education system that develops actuaries who are able to deliver a service of quality and high standards to meet the current and projected future needs of our employers, clients and the public. **A**

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