



SOCIETY OF ACTUARIES

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# A STRATEGIC LOOK AT UNIVERSITY ACCREDITATION

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AT ITS OCTOBER 2012 MEETING, the SOA board of directors approved the SOA's 2013–2016 Strategic Plan, which can be found at [SOA.org/strategicplan/](http://SOA.org/strategicplan/). A key element of the SOA's Strategic Plan is the emphasis on the promotion of SOA-specific credentials and SOA's education pathway.

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words: "To attract the best and brightest around the world to study for, invest in, and complete our credentials, we will provide education, including testing materials and support that is globally accessible and easy to use. We will provide cost-effective superior education and validation of mastery in selected markets through our state-of-the-art

learning infrastructure and in collaboration with strategic partners."

So, what does this mean for future education initiatives? Over the past several years, we have seen many changes in the delivery of basic education for actuaries. Current candidates experience several styles of education and validation (testing), including:

- Validation by Educational Experience (VEE) where candidates study and are tested on economics, corporate

finance and applied statistical methods through approved courses at colleges and universities and other educational providers;

- Preliminary high-stakes multiple-choice exams that are administered at exam centers;

- The Fundamentals of Actuarial Practice (FAP) Course, an e-Learning course where candidates are exposed to all practice areas, receive an educational experience that addresses various learning styles and are tested by way of six assignments that are self-evaluated and graded and by two multi-day assessments that are graded by volunteer actuaries;
- Fellowship high-stakes essay exams that are administered at exam centers;
- Fellowship e-Learning modules with end-of-module exercises that are self-evaluated and graded; and
- Seminar courses (the Associateship Professionalism Course, the Fellowship Admissions Course and continuing professional development education courses) that are offered frequently in locations around the world.

To provide the best possible education, the Education Committee, along with SOA staff, is continually looking at ways to improve candidates' educational experience while



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maintaining the standards our members and the public expect.

One idea that surfaces from time to time and always creates a lot of discussion is granting exam exemptions upon a candidate's successful completion of accredited university courses. Unfortunately, the discussion about exam exemptions is usually focused on validation issues (formal high-stakes testing performed by the profession versus assessment of the candidates' performance at the universities) and not on the educational merits of the university courses. We can't ignore validation, as we are a credential-granting organization and we have standards to maintain, but it is time we separate education from validation and consider the relative merits of university and self-study education.

Is there an approach that can provide a superior education and help the SOA achieve its strategic goals?

Proponents of university education argue that:

- Courses are usually structured to ensure that students cover the required material by the time of validation (test);<sup>1</sup>
- Teachers are able to assist students by explaining concepts that may be difficult to understand by merely reading syllabus materials;
- Teachers are knowledgeable about the subject area and, in the case of actuarial science teachers, often have business experience;
- Teachers are able to adapt their teaching to suit the situation (small

class versus large class, less capable versus more capable students, etc.);

- Teachers are able to use different types of delivery methods and can choose methods to suit particular circumstances;
- Classes provide social settings where students can learn from and teach their peers; and
- Teachers can structure classes to help develop skills outside subject mastery, such as written and oral communication skills.<sup>2</sup>

Proponents of self-study argue that:

- Self-study permits a student to study at his own pace;
- Self-study requires students to learn self-discipline; and
- Self-study is relatively inexpensive (this is an important consideration for individuals who are not in formal actuarial programs but want to be actuaries).

It is clear to me that neither university nor self-study is perfect and both approaches have a place in the education of future actuaries. If the SOA is to achieve its strategic goal of providing cost-effective, superior education that is globally accessible, I believe it needs to embrace both approaches in its educational offerings. To me, this argues for universities and colleges to become more involved at the preliminary exam level. At the fellowship exam level, I believe the SOA should look for ways to introduce some of

the social benefits of the university approach, perhaps through use of social media.

If we embrace the many benefits of university education, e.g., asking universities and colleges to become strategic partners in the education of future actuaries, we will come closer to realizing a truly state-of-the-art pre-qualification education. **A**

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#### ENDNOTES

<sup>1</sup> An interesting feature of the Canadian Institute of Actuaries' (CIA) University Accreditation Program (UAP) is that students seeking credit for a preliminary SOA exam are required to take one to four university courses (usually two or three) and achieve high grades in each course to receive credit. By requiring students to take all of the supporting courses, the CIA's UAP is ensuring that students actually cover all of the material covered in the university courses before they receive credit for the preliminary exams. This is a feature that can't be guaranteed with self-study. A potential weakness, in my opinion, of the UAP is that the university courses need not cover 100 percent of the learning objectives established by the Society of Actuaries. The CIA requires universities to cover 85 percent of the learning objectives established by the Society of Actuaries and to include additional materials if their courses do not cover 100 percent of the learning objectives. The CIA therefore must satisfy itself that there are no material omissions when it accredits a university's actuarial courses.

<sup>2</sup> This, of course, will work only when classes are a manageable size.