



Exposure Draft – CAS Continuing Education Policy Does It Go Far Enough?

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MLM&C
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Current CE for U.S. Actuaries

AAA Qualification Standard (2008)

- 30 hours CE
- Applicable to those providing actuarial opinions in U.S.

Is “Opinion” The Same as “Reserve Opinion”?

NO!

- There are many types of opinions
- If others rely on your actuarial advice you are probably providing an opinion
- CE encompasses most actuaries (but not all)

What's The Problem?

The AAA standard does not impose CE on all CAS members.

- The international problem is being addressed

What about:

- Actuaries who do not provide opinions
- Actuaries who *think* they do not provide opinions

The International Problem

- The Qualification Standard only applies in the U.S. because the AAA is a national body
- Other countries set their own standards
- A few countries (e.g. Bermuda) have no CE standard to speak of
- CAS CE Policy Exposure Draft addresses (only) this problem

Why Not Go the Rest of the Way?

- The Exposure Draft will not impact U.S. practitioners
- Everyone providing actuarial services needs continuing ed
- The reputation of the profession is impacted by this issue
- The CAS is lagging most other societies significantly

CE for Other U.S. Societies

Have trumped AAA with universal requirements

- SOA: every actuary who does not meet requirement must disclose; evidence of non-compliance also available in online Directory; requires more organized activity
- CCA: 30 hours per year required to retain membership
- EA's: long-standing universal requirement (12 hours)
- ASPPA: average annual requirement of 20 hours to retain credential

CE for Societies Internationally

- Faculty & Institute (UK): 15 hours per year (universal)
- Institute-Australia: 40 hours per year (universal)
- CIA (Canada): 50 hours per year (universal, including CAS members!)
- Mexico: 40 hours per year (with exams required as certification!)

The CAS stands virtually alone, opposing a universal requirement

Simple is Best

Other societies use simple language to define who is subject:

“Those who provide professional service”

“Active members”

Complicated is ...

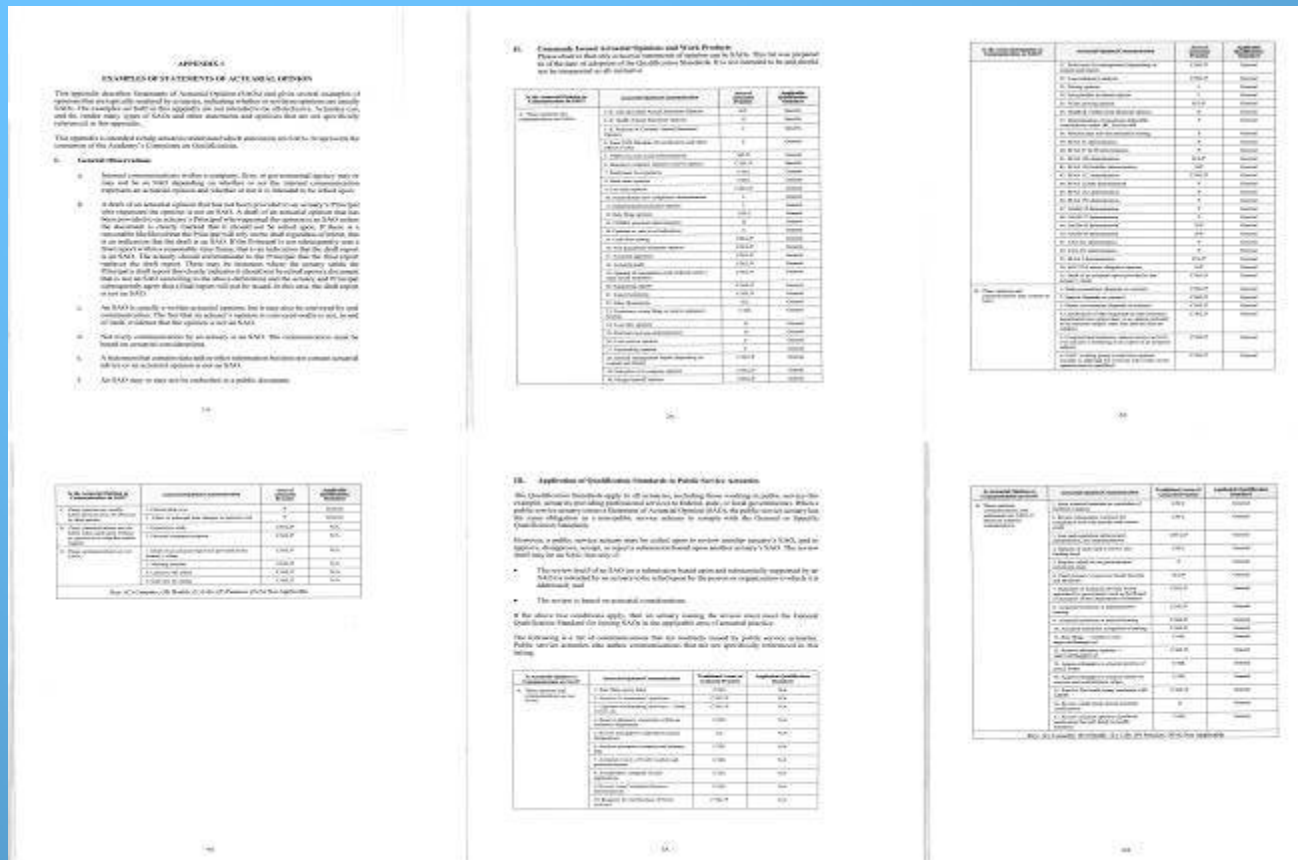
The AAA (and the CAS under its current proposal) uses a more laborious definition:

"Actuaries who issue Statements of Actuarial Opinion when rendering Actuarial Services in the United States are required ... to satisfy these Qualification Standards ...

"For purposes of the Qualification Standards, a 'Statement of Actuarial Opinion' (SAO) is an opinion expressed by an actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed. 'Actuarial Services' are defined in the *Code of Professional Conduct* as 'Professional services provided to a Principal (client or employer) by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.'"

Not Complicated Enough?

“Statement of Actuarial Opinion” needed some clarification (taken from Appendix 1):



Where Does This Leave Us?

- Complicated definitions have loopholes
- Some loopholes are real and intentional
- Other loopholes are found by creative minds and wishful thinkers
- All lead to reduced compliance with CE requirements

An Example – A Seemingly “Legitimate Loophole”

- In a large company, many CAS members work for other members
- A head of department can take all responsibility for subordinates' work, signing reports and all correspondence
- The subordinates' work is not relied on by others; therefore he or she is not issuing opinions
- This subordinate is exempt from CE under AAA standards and CAS proposed policy

Another Loophole

- A senior consultant has several CAS members who exclusively write programs and perform experience studies and similar analyses
- The senior consultant writes the report containing his or her conclusions and opinion
- The work of the junior members is relied on, but their opinions are not relied on
- The junior members are exempt

Will This Happen? Sure!

- Belt-tightening corporations are not looking for more overhead
- Busy actuaries have enough to do without volunteering for new requirements
- Corporate policies of “CE only allowed when required by standards” will meet little resistance
- This says nothing of the frequent misinterpretation and erroneous self-exemption arising from complicated and confusing requirements

What Should the CAS Do?

- Make CE applicable to all who provide Actuarial Services
- Eliminate extended definition of an Opinion
- Follow the trail blazed by the SOA and others
- Extra-territoriality is important too, with an opt-out for countries with similar requirements

Why Does It Matter?

- CRUSAP
- Morris Report
- Standard & Poors
- Centennial Goal
- Reputation of the Profession
- Preparedness for the Future

Who is Opposed?

- Not clear who is, or why
- Widespread (mis)perception that the AAA CE requirement is universal within the U.S.
- If universality is desired by most, why not simplify and make it clear?



Tell Them What You Think!

- Read the draft (I brought copies)
- Email your comments to the Task Force by Dec 19 at sgrossi@casact.org
- You can copy the AAA at qualifications@actuary.org



Thank You!

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