

Update on the Proposed CAS Continuing Education Policy

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CAS CE Policy

- Background
- Why is a policy needed
- History of the CAS CE policy initiative
- Key elements of current draft
- Questions
 - Discuss comments/responses on 2nd Exposure Draft (Nov 09 – Feb 10)
- Next steps (incl. discipline issues)

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Audience Response System

- dry run

Q1: Country of primary practice?

- A. United States
- B. Canada
- C. Other country
- D. Other planet
- E. None of the above (or “not practicing as an actuary”)

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Audience Response System

- another dry run

Q2: Actuarial role?

- A. Chief Actuary
- B. Management/supervisor of actuaries
- C. Practicing actuary (but not a supervisor)
- D. Not a practicing actuary

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Background

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Q3: Applicability of Current Standards

- A. I am currently required to obtain CE under AAA, CIA, or other standard
- B. I am exempt from specific CE because I provide no Actuarial Opinions
- C. I am exempt from specific CE for another reason
- D. I am not a member of the CAS

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Current CE for Most CAS Members

U.S. Qualification Standard (2008)

- 30 credits CE (major expansion)
- Only applicable to those providing “actuarial opinions”
- Only applicable in U.S.

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Why Do We Need a Policy?

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CE Requirement for CAS Members Has Loopholes

- CAS relies on national organizations (e.g. AAA, CIA)
- Some national requirements are not universal (e.g. U.S. members who do not issue SAO's)
- Some countries (e.g. Bermuda) do not have a national organization

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Q4: Universal CE Requirements

- A. All CAS members should have mandatory CE
- B. Exemptions should exist only for those not actively practicing as actuaries
- C. Other exemptions should exist, such as for those who do not provide SAO's
- D. There should be no formal requirement; the Code of Conduct provides sufficient impetus for professionals to voluntarily obtain needed CE

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CE Necessary to Maintain Profession's Credibility

- Everyone providing actuarial services needs continuing ed
- The reputation of the profession is impacted by this issue
- Most societies other than the CAS do now have universal requirements

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Universal CE for Other U.S. Societies

- SOA: every actuary must meet 30-hour requirement or disclose non-compliance to principals and in online Directory
- 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

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Universal CE for Societies Internationally

- Faculty & Institute (UK): 15 hours per year
- Institute-Australia: 40 hours per year
- CIA (Canada): 100 hours over two years
(including Canadian CAS members)
- Mexico: 40 hours per year (or retake exam every
2 years)

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Why Does CE Matter?

- Reputation of the Profession
- Centennial Goal
- Morris Report
- Standard & Poor's
- CRUSAP
- Preparedness for the Future

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History

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History

- CAS CE Policy has been on the Board agenda since November 2007
- First Exposure Draft issued in October 2008
- Task Force reviewed comments, proposed changes and presented its recommendations to the Board in May 2009
- In May 2009, Board affirmed its intent that all CAS members, with exceptions, be subject to a CE Policy and charged Executive Council to develop specific CE requirements.

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History

- Executive Council assigned responsibility to a subcommittee; drafting group decided that “fresh start” was needed for the proposed CAS CE Policy.
- Board authorized release of Second Exposure Draft in November 2009, with comments due by January 2010.
- In all, 93 members responded to the most recent request for comments.

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Current Status

- Drafting group has reviewed all of the comments and recommended revisions to the policy, where appropriate, in response.
- Executive Council reviewed the revisions to the CAS CE Policy proposed by the drafting group at its April 2010 meeting
- CAS Board was scheduled to review and possibly approve the proposed CAS CE Policy at its May 2010 meeting (yesterday).

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Key Elements of Current Draft

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How are CAS Members Affected?

- All CAS members, regardless of geographic area, will be subject to the new policy
- All CAS members who perform “Actuarial Services” will have to complete the continuing education requirement
- Most members will continue to use the requirement of the local organization (CIA, AAA, etc.)
- Alternative compliance provides a comprehensive framework for the rest

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What are Actuarial Services?

- Policy uses the same definition as that found in the CAS Code of Professional Conduct:

Professional Services provided to a Principal 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.

- Expected to be a much smaller “loophole” than “Actuarial Opinion” (for AAA).

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Q5: Member Practice / Type of Employment

- A. I provide statements of actuarial opinion (SAO)
- B. I do not provide SAO's but I do provide actuarial services (AS)
- C. I do not provide AS but I do practice as an actuary
- D. I do not practice as an actuary but I am a CAS member
- E. I am not a CAS member

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National Compliance

- Affirmatively following an appropriate national organization's CE requirement satisfies the CAS policy also
- CAS currently recognizes the requirements of:
 - American Academy of Actuaries
 - Canadian Institute of Actuaries
 - Faculty and Institute of Actuaries (UK)
 - Institute of Actuaries of Australia

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Alternative Compliance

- CAS members subject to an exemption from national requirements can elect to comply with those national requirements anyway
- Or they can elect Alternative Compliance under the CAS policy
- Members in geographic regions unserved by an approved national body must elect Alternative Compliance

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Alternative Compliance – Provisions (Hours)

- 2 year cycle (provides flexibility)
- 30 credits average per year (equal to AAA; close to the average internationally)
- Sublimits for:
 - Structured activity (minimum)
 - Professionalism (minimum)
 - General business skills (maximum)

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Q6: Provisions of the Proposed Policy

30 credits, of 50 minutes each, seems a reasonable annual CE requirement

- A. Yes
- B. No, too high
- C. No, too low

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Q7: Provisions of the Proposed Policy

The 2 year cycle seems a significantly better, more flexible provision

- A. Yes, is more flexible than one year cycle
- B. No, is confusing and adds little to the system's flexibility

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Alternative Compliance – Provisions (Types of CE)

- “Structured activity” – broader than AAA definition
 - Recorded activities may be viewed
 - Outside actuaries not required
 - Otherwise similar to AAA “organized activity”
- 15 credits average required per year (30 per cycle)
- Instructions regarding “job relevance” and other specifics shorter/simpler than AAA (or second exposure draft)

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Q8: Provisions of the Proposed Policy

Given the more flexible definition of structured activity, 15 credits per year seems a reasonable standard

- A. Yes
- B. No, it's too strict
- C. No, too low - rule should be stricter
- D. Choosing CE opportunities should be left up to the member

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Other General Requirements (for All Members)

- Transition Rules (changing life situations)
- Special provisions for exam-taking ACAS
- Maintaining a log
- On-line certification
 - Public disclosure
 - Past CE compliance bestows future qualification
- Audits (low percentage)
 - Ensure data integrity
 - Education / counseling regarding compliance

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Q9: Provisions of the Proposed Policy

Online certification is a reasonable way to publicize the compliance status of individual members

- A. Yes, if we have rules there should be a way to know who's following them
- B. No, it's a violation of privacy and too likely to lead to mistakes that may hurt members professionally

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Q10: Provisions of the Proposed Policy

I think audits are a reasonable provision of a CE policy

- A. Yes, we should check to make sure compliance is being properly reported
- B. No, it's too much like Big Brother. The honor system is better

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Exemptions from CE

- Retired members
- Members not in work force (temporary / permanent)
- Working as non-actuary (not providing “actuarial services”)
- Should be a small percentage of members
- Exemption is only from CE; other provisions (attestation, audit, etc.) still hold

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Questions So Far?

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Comments Received / Actions Taken

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Comments: General

- A CAS CE Policy is unnecessary. The CAS has a long tradition of continuous learning and should not make continuing education compulsory, but should continue to rely on members' voluntarily completing relevant continuing education

WHILE OTHER MEMBERS FELT THAT

- Ongoing continuing education should be a condition for membership in the CAS

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Comments: Applicability and Complexity

- It is unclear whether the CAS CE Policy is prospective or retrospective in application
- The proposed CAS CE Policy (e.g. two year cycle, sub-limits) is unduly complex
- Some commenters were confused, thinking that they would need to comply with both the Academy and the CAS CE requirements

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Response: Applicability and Complexity

- The CAS CE Policy has been reorganized, shortened and simplified
- Policy now clearly states that member can practice in the year immediately following certification
- The national compliance provisions have been moved to Section B of the Policy

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Q11: How Simple?

The proposed sublimits for CE credit add potential benefits but also complexity. Which statement best describes your views on this issue?

- A. Prefer no required sublimits – member discretion (simplest)
- B. Sublimits for technical topics, professionalism, etc. are important to maintain a balance in CE requirements
- C. Sublimits for structured activities are important to assure interaction among actuaries
- D. Both B & C are important – the benefits justify the complexity

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Comment: Revenue Enhancement Strategy

- Some members commented that adoption of the CAS CE Policy appeared to be a way to stimulate meeting and seminar attendance and thereby enhance CAS non-dues revenue

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Q12: Revenue Enhancement

How might adoption of the CAS CE Policy change your behavior with respect to meetings and seminars?

- A. No change. I already attend sufficient organized activities in conjunction with a national qualification standard
- B. Will likely attend more CAS events at company expense to meet the standard
- C. Intend to satisfy the CAS Alternative CE requirements in the most cost effective manner -- by attending regional affiliate meetings, webinars, or accessing UCAS programs
- D. My employer will not reimburse me adequately for external training programs. Adoption of the CAS CE Policy will have serious personal financial consequences
- E. Don't know / Haven't decided yet

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Q13: Effectiveness of Continuing Education -- Meetings

On a scale of 1 (Ugh! Need Significant Overhaul) to 5 (Best Learning Experience Ever), how would you rate the effectiveness of current CAS meetings for Continuing Education?

- A. 1
- B. 2
- C. 3
- D. 4
- E. 5

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Q14: Effectiveness of Continuing Education -- Seminars

On a scale of 1 (Ugh! Need Significant Overhaul) to 5 (Best Learning Experience Ever), how would you rate the effectiveness of current CAS seminars for Continuing Education?

- A. 1
- B. 2
- C. 3
- D. 4
- E. 5

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Comment: Adopt the US Qualification Standards

- Several members suggested that the CAS should simply extend the US Qualification Standard to all CAS members
- Others were concerned that tracking CE compliance against a CAS CE Policy with different requirements than the US Qualification Standard would be unduly burdensome.

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Comment: CE Log Retention Period

- Two members requested that the CAS CE Policy be specific with respect to the retention period for the CE logs
- Response: The reviewers agreed and revised the Policy to specify a minimum retention period of six years after the end of the calendar year in which the credits were earned

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Comment: Annual Certification of Compliance

- Some members were concerned that members might be incorrectly shown in the Member Directory as Not Compliant, simply because they had not certified to their compliance
- Members cautioned that there would need to be a process of reminding members and sending early warnings prior to a member's status being changed to Not Compliant
- There was some concern about legal exposure due to potential errors in the database

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Comment: Annual Certification of Compliance

- Some commented that it was burdensome to require members Not Currently Providing Actuarial Services (including but not limited to retirees) to certify annually regarding their status
- Response. The reviewers agreed. Members who certify that they are Not Currently Providing Actuarial Services need only notify the CAS when their status changes (and they begin again to provide Actuarial Services)

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Comment: Audit

- Some commented that the provision for an audit of the CE logs was insulting and demeaning; they believe that the CAS should continue to use the “honor system” with respect to compliance
- Several commented that the objectives for the audit should be clarified (i.e., education vs. enforcement)
- Still others felt that the audit process should be described in more detail within the Policy

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Discipline

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Discipline Issue

- Not clear if violation of the proposed CAS CE Policy qualifies as a Code of Conduct Violation
 - Differing views among members of ABCD, other groups: some say Yes, some say No.

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How other organizations handle non-compliance

- Lose membership status:
 - Hungary, Netherlands, US Conference of Consulting Actuaries
- Can lose membership status:
 - Australia, Belgium, South Africa
- Range of punishments, including fines
 - Ireland, Israel, United Kingdom
- Public disclosure of non-compliance
 - Canada (as first step), SOA (via public membership data base)

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How other organizations handle non-compliance

- Philippines – public list of those complying
- Mexico – must retake certification exam every 2 yrs.
- SOA – (*beside public disclosure of non-compliance*), if practicing as an actuary, must notify client that you are non-compliant. If this is not done, it is considered a Precept 12 violation (misuse of title).
- Academy – no discipline written into the Policy (unless complaint raised to the ABCD).

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CAS discipline options

- Make non-compliance a code violation
- Allow for penalties (such as fines)
- Publicly disclose if non-compliant
- Nothing

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Q15: What discipline should apply to those who are non-compliant?

- A. Treat it as a Code of Conduct violation
- B. Dollar penalty or fine
- C. Public disclosure of non-compliance
- D. Require actuary to notify client of non-compliance
- E. No discipline

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CAS Board discipline decision

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Next Steps

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Other Questions?

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Q16: Most Effective Communication Vehicles

On this topic, which of the following communication vehicles, if any, have you found to be most effective?

- A. Email blast(s)
- B. CAS website
- C. Actuarial Review articles

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**Q17: Reaction to the Audience
Response System?**

- A. Great idea. Do it more often
- B. Okay, but can be overused
- C. Waste of money
- D. Not sure
- E. What was the question?