



Risk Management, Economic Sustainability  
and Actuarial Science Development in Indonesia

# Continuing Professional Development (CPD)

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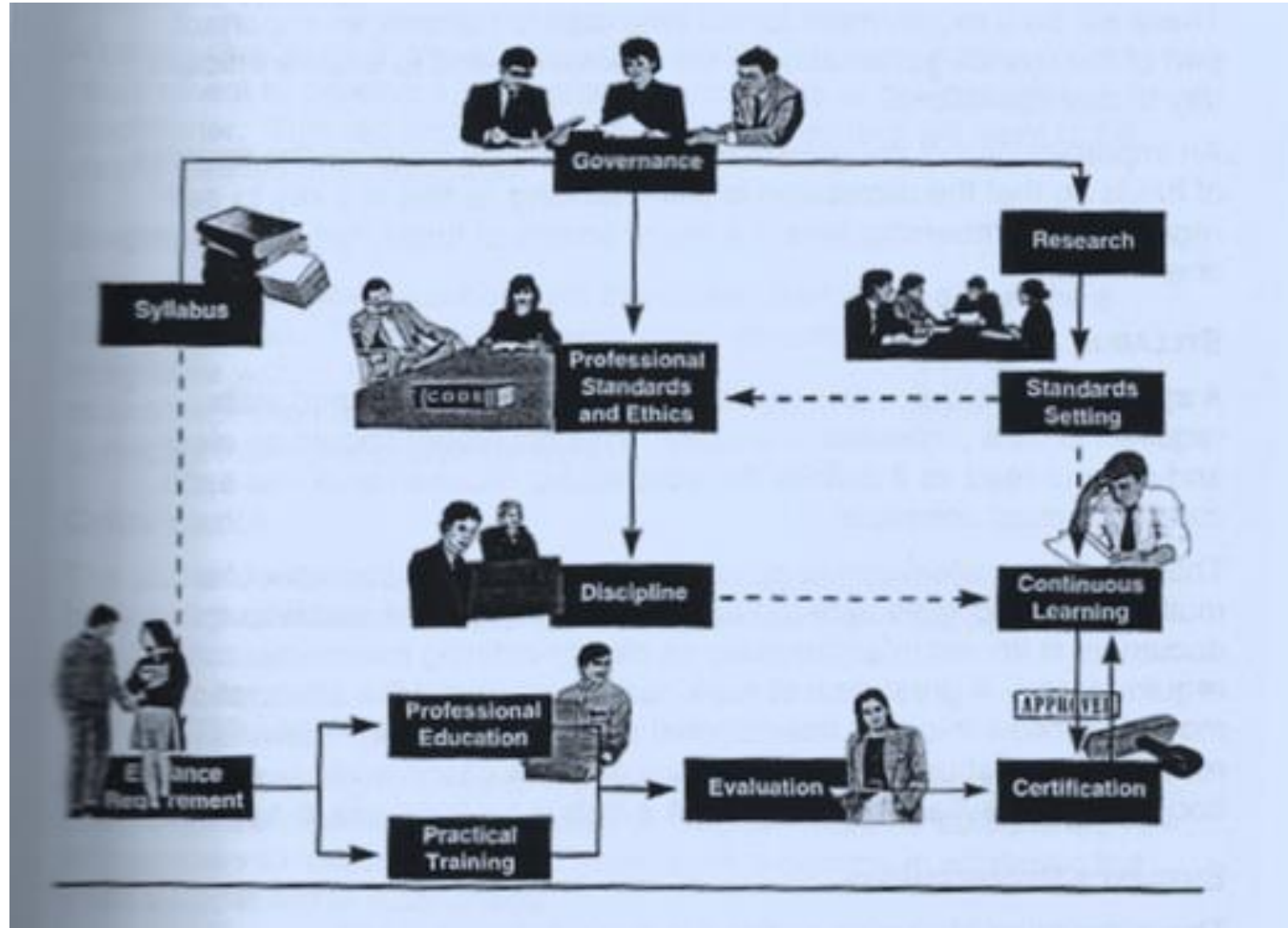
## What is CPD?

- » Continuing Professional Development (CPD) – also referred to as Continuing Education – may be defined as the development of knowledge and of technical, personal, professional, business and management skills and competencies throughout a person’s working life.
- » The term “capability” is also sometimes used, instead of terms such as “skills” and “competencies”, and may be considered to highlight the qualities of growth and progression that are at the heart of education and development.
- » CPD is an important element of the actuary’s lifelong process of learning and development within the profession. The initial qualification process is the first step in this journey. Thereafter, it is the responsibility of all actuaries to plan their own professional development program.

## A fundamental professional requirement

- » The overriding need for CPD arises because actuarial knowledge and the environment in which actuaries work are constantly changing and developing.
- » An actuary can only remain current and competent in his or her areas of practice by continued study. Actuaries need to keep up with developments in order to be able to provide a high quality service.
- » This is reflected in the IAA Internal Regulations, which include a requirement for associations to have in place a Code of Professional Conduct. This Code must refer to the obligation on actuaries to perform professional services only if competent and appropriately experienced to do so.
- » Other professions have similar requirements for similar reasons.

# Self – Governance Model



## » 2.2.2 Accreditation Criteria

» *A Full Member association must satisfy the following accreditation criteria at all times. The Full Member must have a code of professional conduct in place which may be modified from time to time. [...] The Full Member may provide additional guidance in its code of professional conduct provided that the additional guidance is not inconsistent and does not lower any of the obligations set forth below*

## » Article 2.2.2 Accreditation criteria

- *(a) iv: An actuary shall perform professional services only if the actuary is competent and appropriately experienced to do so.*

## IAA Guidelines on CPD (Approved 2 October 2011)

- » Recommend to actuarial associations that they create and implement a CPD strategy under which their members are encouraged or required to proactively address CPD needs;
- » Provide support and guidance to actuarial associations on appropriate CPD requirements and how to deliver CPD programs and monitor actuaries' CPD activities;
- » Encourage individual actuaries to develop and follow an appropriate personal CPD program and in so doing take responsibility for maintaining their competence and professionalism throughout their working life;
- » Provide support and guidance to individual actuaries on how to plan and achieve CPD

## Different types of CPD activities

- » At different career stages, there will be a need to address a varying range of skills. CPD provides a means to do this, addressing, as it does, the development of the whole person with attention to:
  - technical actuarial skills;
  - related professional skills, such as the ability to exercise professional judgement and address ethical dilemmas;
  - business and management skills, such as knowledge of the industry and the ability to create and implement business strategies; and
  - personal skills such as time management, independence of thought and communication skills.
- » CPD activities are often categorized as structured, non-structured, professionalism and technical skills



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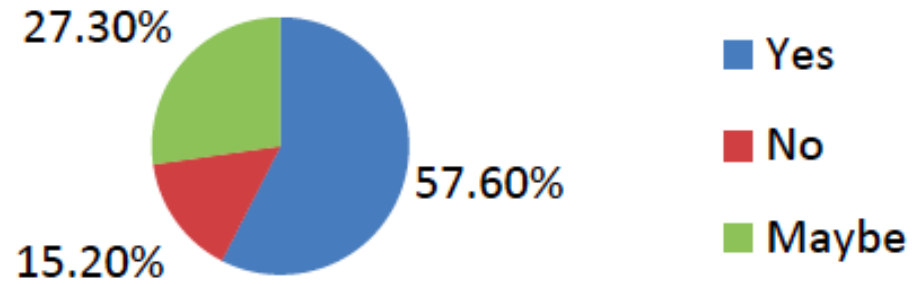
## 1- IAA Survey of FMAs

A source of background  
information



## No explicit requirement at FMA level

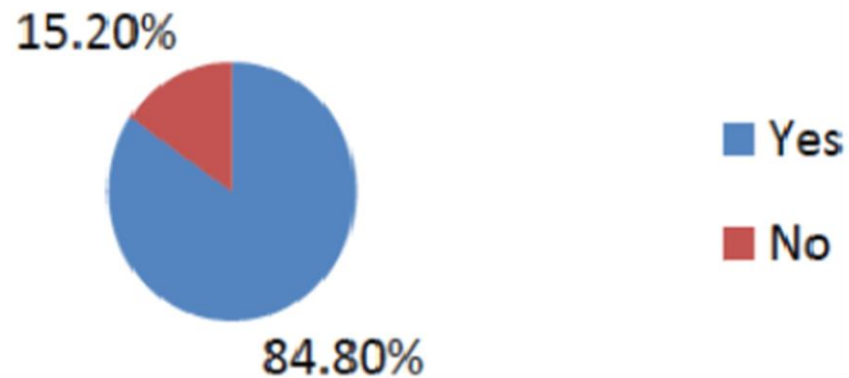
### Should the IAA require mandatory CPD?



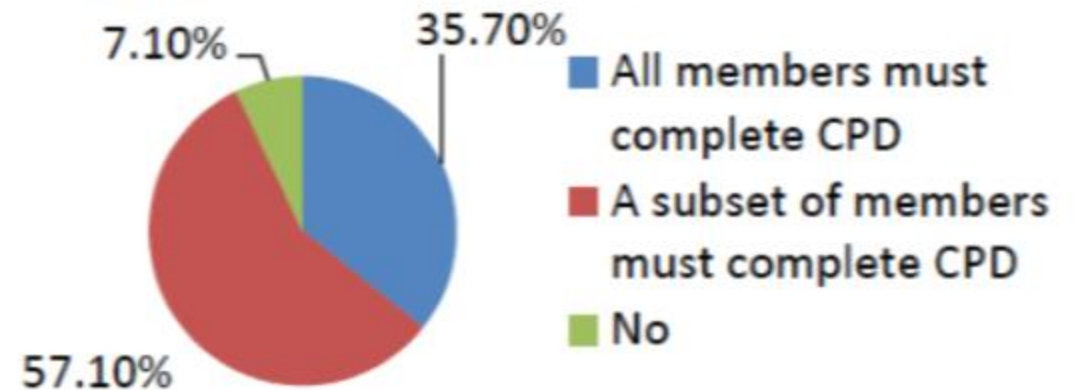
- » As the Code of Conduct is a requirement to become a FMA, there some level of requirement in place at this time.
- » In addition the IAA adopted Guidelines/ Recommendations on CPD

# Application to individual actuaries

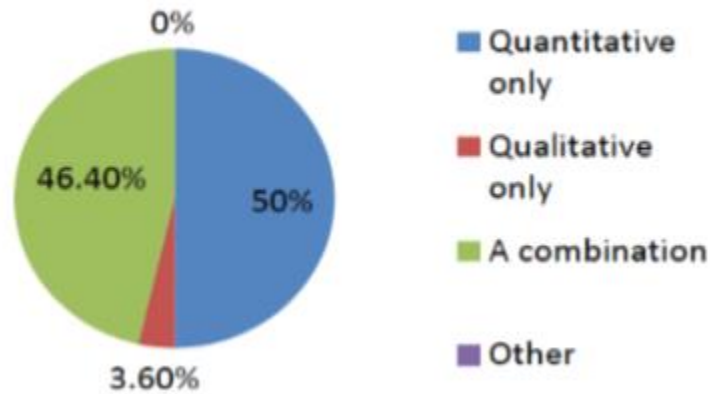
## CPD requirements in existence



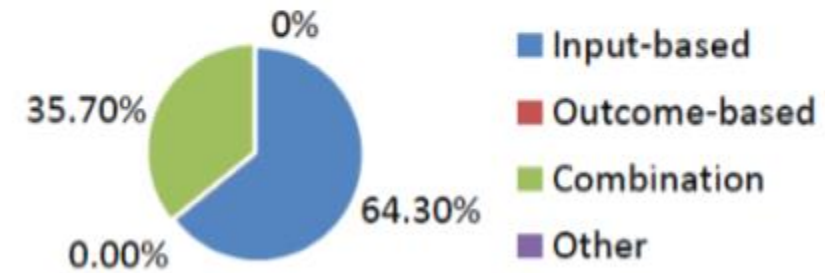
## Are CPD requirements mandatory?



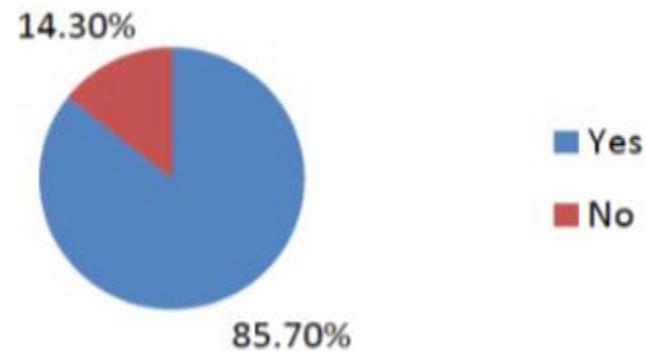
### Type of CPD requirements



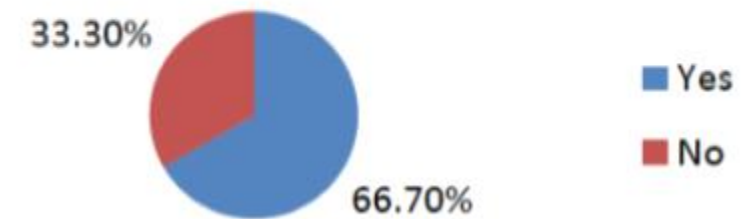
### CPD requirements input-based v/s outcome-based



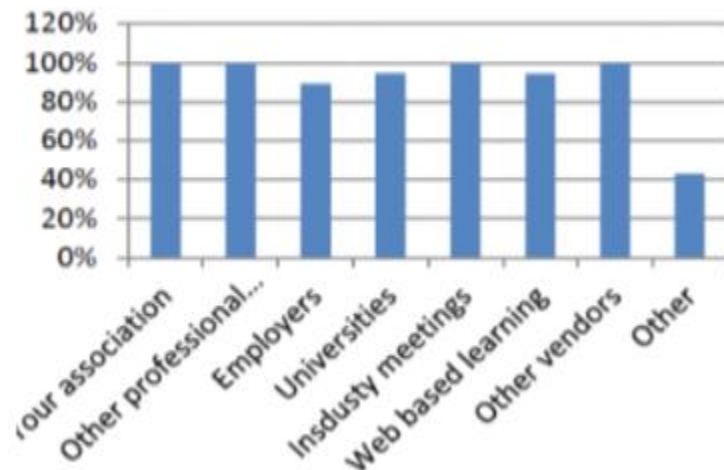
### CPD record keeping services



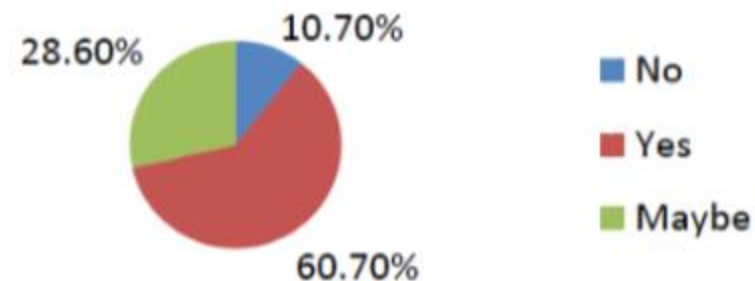
### Audit of member's attestations of compliance



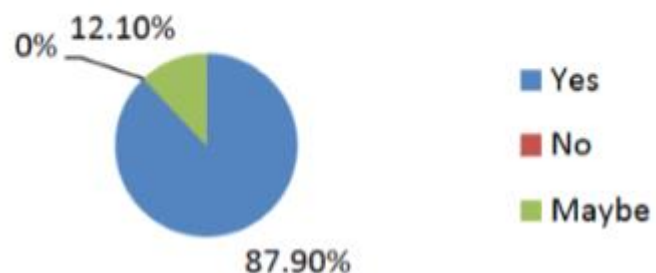
### Valid sources for CPD purposes



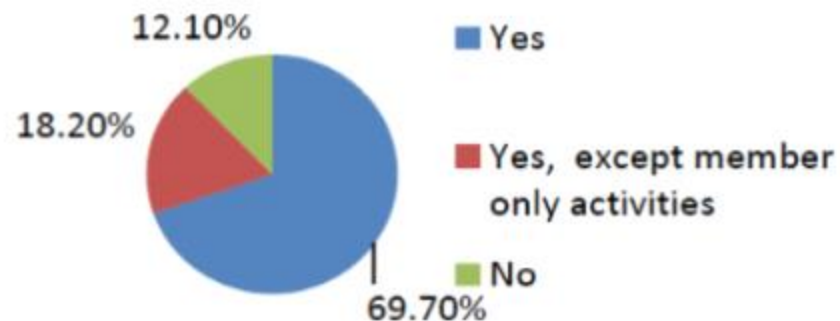
### Sufficiency of material available



### Consider IAA Webinars and colloquia as CPD



### CPD activities opened to other associations





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## 2- Shared responsibility

Planning and managing CPD is an individual responsibility but the professional association provides resources and support

## Essential for actuaries to continue the process of development after qualification

- » To maintain familiarity with the complex environment in which they work and stay abreast of developments in actuarial techniques so that the work done is up-to-date and relevant
- » To be competent in the areas in which they practice in order to safeguard the public interest;
- » To safeguard the reputation and status of the actuarial profession by having the ability to provide relevant and up-to-date advice;
- » To be knowledgeable as qualified actuaries in order to meet the expectations of different stakeholders;
- » To regularly think through professionalism questions and challenges, in order to develop and apply the values that their association claims for its members;

## Anticipate career expansion

- » All actuaries need to pursue personal as well as technical development in order to equip themselves for new roles, including managerial roles, over their careers;
- » Be aware of developments in national and international legislation, regulation, best practices and accounting standards;
- » Include interaction with other actuaries, particularly with those from other organizations or firms;
- » Develop new skills and knowledge in order to function in new areas of practice arising from the expansion of the profession;
- » When working in an international environment, to understand the different products and risks in different countries, the regulatory and legislative framework in each country of practice and the applicable accounting standards and pertinent actuarial standards and practices;



## Statutory role and special requirements

- » When in a statutory role, to keep up to date with developments in the actuarial profession, with the requirements of the statutory role and with the supervisor's responsibilities as well as with changes in the industry in which they practice;
- » CPD requirements might be more specific, stringent and onerous for actuaries who are undertaking statutory or reserved work
- » Comply with any CPD requirements set by the local/regional actuarial association or by any actuarial association or regulator in any jurisdiction where the actuarial work is carried out;
- » To be competent and up-to-date in all actions, even when not working in a specific actuarial role.



## Staying up-to-date

- » Keep up with the development of new products and with the new types of risk that emerge over time;
- » Be aware of current methodologies and factors which may affect the suitability of models and assumptions;
- » Keep up with new actuarial standards of practice and modifications to existing standards;
- » Ensure that, in relation to work performed, knowledge is up to date and covers the topics on the relevant parts of an appropriate education syllabus, such as the IAA Education Syllabus for newly qualified actuaries or the corresponding syllabus relevant in the jurisdiction(s) where work is performed;

## Individual planning of CDP activities

- Maintain a personal CPD record as a good professional practice or habit. A comprehensive CPD record considers the CPD undertaken and includes personal reflections on the outcome of the process in terms of the development and learning that has taken place, together with indications of future learning and planned development activities.
- Actively self-monitor progress on the objectives, or (where relevant) in conjunction with the employer;
- Consider how relevant work experience may form part of the CPD program. Where appropriate, integrate the CPD program with a professional development program agreed with the employer;
- Whatever the activities undertaken, each individual actuary should be satisfied it has resulted in identifiable personal and professional development before claiming CPD credits

## Association's responsibility

- » Promote the concept of lifelong learning and the development of knowledge by their members;
- » Although different actuaries have different CPD needs, in terms of both amount and type, the minimum amount of CPD to be carried out by members should be specified and members notified if missing a deadline
- » A recommended minimum amount of formal CPD should be achieved each year. However, the target annual amount could be averaged over a period of years in which event some of the CPD undertaken should be recent (e.g. within the previous 18 months);
- » Stipulations may be made as to the form of at least some of the required CPD, particularly for actuaries who carry out statutory duties. However, associations should recognize that there are diverse ways of doing CPD and that no one method suits all.

## Monitoring and Reporting

- » Associations should encourage each actuary to maintain a record of CPD activity and monitor its members' CPD records. This might be done for all its members or a subset only, e.g. a random sample or all those actuaries performing statutory roles.
- » Associations are encouraged to consider introducing centralized reporting of CPD, e.g. through a members' only section of the association's website.
- » In some countries, monitoring of CPD records is compulsory for actuaries practicing in designated or statutory roles, both prior to taking on such roles and for subsequent renewals.
- » Failure to undertake mandatory CPD should be considered as evidence of professional misconduct. If such is the case, monitored or tracked records of CPD activity (or lack thereof) may become part of any disciplinary procedure.
- » To protect the public interest, the CPD compliance status of a member should be disclosed

## Additional Framework

- » Associations may stipulate the maximum hours that may be counted in respect of a particular event or activity. However individual actuaries should judge for themselves what should be counted for a particular activity, based on its relevance in relation to their CPD objectives. The same event may thus be counted differently by different people.
- » Associations may specify that CPD could cover management and professionalism issues as well as technical skills;
- » In some countries, regulators may lay down minimum requirements for CPD, which should be taken into account when setting professional requirements;
- » Associations can support their members by providing facilities to record and track CPD. A spreadsheet may be sufficient for this purpose. The regulator may rely on the association for reporting and control
- » In the case of actuaries working outside their association's jurisdiction, their association may require them to comply with CPD requirements of another FMA in the jurisdiction where work is carried out;

## International comparisons

- » Must take into account the distinction between structured, e.g. formal or verifiable CPD, where the input may be independently measured (such as taking an exam or attending a session) and informal non-structured CPD (such as when the actuary undertakes private activities, e.g. reading)
- » Some associations define credits as 50 minutes, whereas others use hours directly; hours or credits can generally be averaged over 2 or 3 years
- » Wide variations are observed between associations from a maximum of 50 hours/yr to a minimum of 15 hours/yr. A high proportion of non structured hours makes compliance easier to achieve.
  - For example, Canada used to require 50 hours but is proposing to reduce it to 40 hours while increasing the proportion of structured hours from 24% to 50%. Some associations have different requirements for different categories, e.g. reserved roles such as appointed actuary
  - There maybe a specific minimums for sub-categories such as Professionalism, Technical skills, etc.



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### 3 - Sources of CPD material

Multiple sources offer an abundance  
of material

## How to gain CPD credits

- » relevant courses, given or run by actuarial associations, universities and other bodies;
- » studying for a further related qualification, including membership of other relevant professional bodies;
- » local, national and international actuarial meetings, seminars, colloquia and workshops;
- » events run by other related professions;
- » relevant commercial conferences or seminars;
- » employers' courses and discussion groups;
- » webcasts, web-based seminars or video-link seminars;
- » research, either as an individual or in a group;
- » internet discussion groups on actuarial topics;
- » technical committee work at the national and international level, including committees and work groups within the local actuarial association;



## Eligible volunteer or external activities

- » Teaching or mentoring other actuaries and/or actuarial students;
- » Setting or marking actuarial examinations;
- » Studying relevant courses or educational programs on-line;
- » Writing relevant papers and books;
- » Giving talks or making presentations to colleagues or a wider audience at conferences or seminars;
- » Private reading of relevant journals and books;
- » Working on different actuarial topics in different environments;
- » Expanding one's skill-set through undertaking new challenges or working on novel assignments.

## Reading materials & E-learning

- » The journals of research work published by several associations are an example of suitable reading materials. There are also many books with material relevant to actuaries or actuarial science
- » Several associations use their websites to disseminate learning materials, particularly from conferences, colloquia and seminars. This may often be in the form of slides presented at recent events. This material can be helpful for other associations planning their own events.
- » Electronic learning material can be an effective learning tool, especially when accompanied by a discussion forum monitored by an experienced actuary or other suitably qualified person.
- » There are a number of potential outside providers in every country that will offer CPD activities relevant for actuaries: academics, Think tanks, Research organizations, etc.

## Promoting transborder cross-fertilization

- » An event offered initially in one country could be replicated in different countries based on notes, presentations and materials from the first event. Webcasts and downloadable recordings provide the means to give events a wider international audience.
- » Many companies have a policy that only senior actuaries are supported to travel to international events. Therefore, it is important that national associations arrange events for recently qualified actuaries in their own country.
- » Details of events run by individual associations could be disseminated to members of other associations. This could take the form of a web-based database. In particular, events can be relevant to people in an association geographically nearby. Some interchange of ideas already takes place regionally, e.g. Asia Actuarial Conference
- » Examples of structured learning opportunities which could be used by other associations are available - e.g. participants' and speakers' notes for one-day and two-day professionalism courses and professionalism events for experienced actuaries. Some have packaged learning courses for all subjects in their qualification examinations and for their Certificates in specific subjects
- » A number IAA committees offer participation opportunities for both structured and non structured activities. The 6 IAA Sections offer also multiple opportunities