

## Qualification Standard

# Continuing Professional Development (CPD) Requirements

Committee on Continuing Education

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## Memorandum

**To:** All Fellows, Affiliates, Associates and Correspondents of the Canadian Institute of Actuaries

**From:** David R. Dickson, Chairperson  
Committee on Continuing Education

**Date:** October 26, 2005

**Subject:** **Qualification Standard – Proposed changes to the Continuing Professional Development (CPD) Requirements**

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The CIA first introduced Continuing Professional Development (CPD) requirements for its members in 1994 and members were required to meet those requirements by January 1, 1997. Following a task force review, revisions were made to these requirements effective January 1, 2005. As part of that revision it was mentioned that CPD requirements would continue to be reviewed and further revisions could be introduced.

The Committee on Continuing Education has reviewed our CPD requirements and has recommended changes to them. Members had an opportunity to provide comments about the proposed changes, over 40 comments were received, and we thank all members who expressed their views on these changes to the committee or committee members. As a result, the committee has made some changes to its original recommendations.

The major changes are fully described in this document.

The proposed revised CPD requirements were approved by the CIA Board at its October 2005 meeting, following a lengthy discussion at its September meeting. We will be seeking confirmation by the membership at the Toronto CIA General Meeting on November 11, 2005. There will be a session at the CIA General Meeting on November 10, 2005 at 4:00 pm to discuss the changes and answer any questions.

DD

**Note:** *The proposed changes to the Continuing Professional Development (CPD) Requirements as approved by the Board in October 2005 were confirmed by the membership in November 2005 and took effect January 1, 2006.*

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## BACKGROUND

### A. INTRODUCTION

The CIA first introduced Continuing Professional Development (CPD) requirements for its members<sup>1</sup> in 1994, and members were required to meet those requirements by January 1, 1997. The first revision to these requirements was introduced to members in 2004, with an effective date of January 1, 2005. The major changes included a shift from primarily satisfying the CPD requirements by completing a prescribed number of hours of relevant activities, to an approach that focuses on knowledge and skills while still in an hours-based framework to provide guidance to members. At the time these changes were announced, it was noted that the CIA Board would continue to review CPD requirements and that further enhancements could be introduced in the future.

In early 2005, the CIA published its Strategic Plan (document 205017). One of our strategic objectives is that: “*The actuarial profession will be recognized for its integrity, high standards of practice and quality of work.*” Several initiatives were identified, one of which was a review of the CPD requirements.

Recent events within the actuarial profession (e.g., Equitable Life failure in the UK and the subsequent publication of the Morris Report) and outside our profession (e.g., Enron in the US) are reminders that the public’s expectations of the quality and integrity of the work of professionals is ever increasing. For example, the Morris Report recommends that:

- The UK profession proceed with ... and ensure that robust measures are put in place to monitor compliance with their CPD requirements; and
- That an outside entity (the Financial Reporting Council’s Professional Oversight Board for Accountancy) be responsible for overseeing the actuarial profession’s development and management of CPD requirements.

Against this backdrop, the Committee on Continuing Education (CE) undertook over the last few months a review of our CPD requirements. Our objectives were threefold:

- Make our requirements more specific to skills our members are expected to have and maintain;
- Increase the public’s confidence that our members fulfill their requirements; and
- Ensure CPD requirements are applied equitably to all our members.

Overall, the CE Committee members felt the current structure and hours-based framework of our CPD program was adequate and in line with that of many other professions (refer to Appendix B of the Report of the Task Force to Review CPD

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<sup>1</sup> “members” include Fellows, Associates, Affiliates and members of bilateral organizations when they are practising in Canada (see CIA Rules of Professional Conduct and Bylaw 21.03). Associates writing exams are deemed to satisfy the CPD requirements. After writing their last exam, they would be required to begin to accumulate CPD hours, and would be expected to be able to demonstrate compliance with CPD requirements as of the end of the year two years following their most recent exam attempt.

Requirements – document 204021). However, there is room for improvement and this report contains three specific requirements to this effect.

## **B. OBJECTIVE OF CPD**

The CIA views CPD as:

- a personal commitment by the individual actuary to consciously develop, broaden and continually improve their technical, professional, and business and managerial skills to meet the changing demands of an actuarial career; and
- a collective commitment by all actuaries to continually reinforce high standards of practice, currency of knowledge, quality of work and integrity of the profession to meet the expectations of the public.

A well-designed CPD program must focus on the skills actuaries are required to have and maintain to competently perform their duties. These skills can be grouped into three broad categories:

- Technical skills
  - These include actuarial, mathematical, modeling, legal and other similar skills that are core to the work of an actuary and specific to the member's role/practice area. Although many of these skills are acquired during the actuary's formal training (exams), they need to be kept up-to-date with the emerging developments in actuarial practice during an actuary's active career.
- Professionalism:
  - This refers to the professional and ethical standards the public and those who employ actuaries expect the actuary to be well versed in and display in carrying out his or her obligations irrespective of his or her practice area. Examples include Rules of Professional Conduct, changes to the CIA Bylaws, and related discussions on these issues.
- Business and management skills
  - These are not unique to the actuarial profession but improve personal effectiveness and an actuary's ability to succeed in a diverse business environment.

## **C. ADDITIONAL REQUIREMENTS**

### **Make CPD more specific to skills our members are expected to have/develop**

*Requirement 1 - Considering the three skills relevant to all members (technical, business and management, and professionalism), require that of the total minimum CPD requirement (100 hours in total with at least 24 being structured), a member every two years spend a minimum of:*

- *12 structured hours on his or her technical skills;*
- *A combination of four structured or unstructured hours on professionalism;*

- *A combination of four structured or unstructured hours on his or her business and management skills.*

Note that since 1994 members have been required to have a minimum of 24 hours of structured activities and a total of 100 hours of structured and unstructured activities of CPD over the most recent two calendar-year period.

### **Increase the public's confidence that our members fulfill the requirements**

By examining numerous other professions, the CE Committee developed the following list of common practices from these professions:

- Required reporting of CPD compliance;
- Online reporting tool;
- A committee inside the organization reviews and approves a percentage of all completed forms;
- Method of quantifying whether CPD is being met (e.g., hours or credits).

Under current CPD requirements (and a requirement since 1994), members are required to maintain records of their CPD activities. Furthermore, the CIA has the right to ask for and examine members' CPD records for at least five prior calendar years and impose penalties for non-compliance.

The 2005 CIA member survey shows that many members do not keep records of their CPD hours.

***Requirement 2*** - *That all members be required each year to complete and submit a CPD compliance form to demonstrate they meet the minimum CPD requirements (both structured and unstructured activities).*

A form will be available online through the "Members" section of the CIA website. The member is encouraged to use the online form to track his or her CPD hours throughout the year (a sample form is provided in Appendix C). Working with the Secretariat, the CE Committee will be responsible for reviewing the forms and taking appropriate action with members who do not complete their forms in a timely manner or do not meet the minimum CPD requirements.

The committee members also discussed random auditing of members' CPD but this avenue was discarded as they felt it was more important to demonstrate broad compliance with the requirements.

### **Ensure CPD is applied equitably to all CIA members**

The current CPD requirements do not apply to CIA members practising outside Canada (i.e., not doing "Canadian work"). However, these members are still seen to be representatives of the CIA and the actuarial profession in general. Such professionals are thus subject to the same scrutiny by the CIA as any other member even if they are practising outside of Canada.

It is important to recognize that CPD is an ongoing process which is tailored to the circumstances of each active member and as such, there is no need to focus solely on Canadian content when meeting the requirements.

Since many of these members are likely practising in the jurisdiction of an organization which is a member of the International Actuarial Association (IAA), these members are required by the CIA Rule of Professional Conduct No. 2 to observe the qualification standards (which may include CPD requirements) of that foreign organization. It is anticipated that these members will have already been pursuing their professional development via activities not necessarily based on Canadian content.

***Requirement 3** - A member who practises as an actuary, but does not do Canadian work, would be required to meet our CPD requirements regardless of his or her geographical location. Hours spent meeting CPD requirements from actuarial associations of other countries would count towards meeting the CIA's CPD requirements. Also relevant non-Canadian education would count.*

#### **D. MINIMUM REQUIREMENTS**

Members should be aware of the following requirements:

Members are required to be up-to-date in their areas of practice in order to satisfy CIA Rule of Professional Conduct No 2, "A member shall perform professional services only when the member is qualified to do so and meets applicable qualification standards." Fulfilling these requirements for CPD is a minimum and not necessarily a sufficient condition for meeting Rule of Professional Conduct No 2.

#### **E. SUBJECTIVE OR OBJECTIVE REQUIREMENTS**

The CPD requirements are essentially subjective as opposed to objective. Therefore, the member must determine whether a particular activity is relevant to his or her own development, but must make this assessment in a reasonable and professional manner. Ultimately, it is up to the member to be able to defend such a decision if challenged.

Actuaries traditionally face situations where reasonable judgment must be applied to situations where there are no clear-cut rules. Consequently, relevancy of an activity will be determined by the member on an individual basis. If there is doubt as to the relevancy of an activity, it is recommended that the member exceed the minimum requirements.

The committee stresses that as a qualification requirement, the CPD requirement is mandatory, but not necessarily a sufficient condition for meeting Rule of Professional Conduct No 2. To the extent that the CPD requirement is not sufficient to attain and/or maintain competence, the member is required to take the necessary steps to ensure competence.

#### **F. QUALIFYING ACTIVITIES**

The base for a good CPD requirement should include activities which provide opportunities to interact with other actuaries and professionals. Structured activities are those where more than one point of view is provided such as attendance (either physical or virtual) at meetings, seminars or other programs with relevant actuarial content. Unstructured activities provide for a single point of view and would normally include all other activities which contribute to continuing professional development, but which fall outside the structured activities, such as reading, research and studies, and preparing for a presentation.

## **G. MULTIPLE AREAS OF PRACTICE**

The public expects the same level of competence from a member practising in multiple areas as from a member practising in only one area. Therefore, the CPD requirements are to be met for each area of practice in which a member is engaged. The minimum requirements defined in this document are viewed as a member-based requirement and apply to all members regardless of their experience, current practice area or place of residence. As such, members practising in multiple areas are subject to the same minimum requirements of 100 hours with at least 24 being structured but they are reminded that members practising in multiple areas would probably have to exceed the minimums. If relevant, activities can be counted for more than one area of practice.

“Area of practice” is to be taken as very broad. It is clear that there are a number of areas of practice. Under this broad definition, members can classify areas of practice as being made up of sub-areas of practice, where there is a much greater commonality of required knowledge.

For purposes of these requirements, a member practising in one of the smaller and emerging areas of practice can consider it to be either:

- A subset of one of the traditional and major areas of practice, in which case there is a wide range of relevant structured and unstructured activities available to the member.
- A separate area of practice, in which case the member will likely need to look beyond the CIA and other actuarial bodies to find sufficient relevant activities to complete the minimum formal requirement (for example, a seminar for lawyers on pensions as matrimonial property may qualify for actuarial evidence practitioners).

Members are reminded that their primary concern is ensuring that they are qualified, as required by Rule of Professional Conduct No 2.

## **H. EXEMPTIONS FROM FILING THE CPD FORM**

Members not currently performing actuarial work may apply for an exemption from mandatory filing by electing this option on the online CPD form (or notifying the Secretariat) by the filing date of the year for which the exemption is requested. Some of the reasons for which an exemption may be warranted include:

- Do not practise as an actuary;
  - The member is not doing any work either that may be perceived as being actuarial or where any party may rely on their work because they are an actuary. The committee realizes that it may be difficult for some members to decide whether they are practising as an actuary. Ultimately it is up to the member to be able to defend such a decision if challenged. If in doubt, it is suggested that the member assumes they are practising as an actuary and continue to meet CPD requirements.
- Retired, without the intention to return to actuarial practice.
- Unemployed and not actively seeking actuarial employment



- Associates actively pursuing their FCIA designation or recent Fellows
  - They would be exempted from reporting on the first two December 31st following the date they wrote their last exam (the Practice Education Course (PEC) and SOA Course 7 seminar are counted as exams).
  - When reporting becomes required on the third December 31<sup>st</sup>, the member must meet full CPD requirements over the past 24-month period when measured from that point.

It is important to realize that if you do not consider yourself as practising as an actuary, have not met CPD requirements, and want to resume practising, you need to first fulfill your CPD requirements before you can resume practising. Members are also reminded that under the Rule of Professional Conduct No. 2 – “A member shall perform professional services only when the member is qualified to do so” they need to be up to date in their area of practice before taking such an assignment.

## **I. PROCEDURES IN THE EVENT OF NON-COMPLIANCE**

Penalties for non-compliance will be treated initially as a membership issue, such as non-payment of dues, rather than a professional conduct issue. However, cases will be escalated to the discipline process if continued non-compliance occurs.

There are two situations in which penalties can arise:

- Members who do not complete the CPD compliance form (either online or paper submission); or
- Members who complete the CPD compliance form but do not meet the minimum CPD requirements.

The Secretariat will follow-up with these members within a short period after the filing date. If the member fails to demonstrate compliance with the CPD requirements, then the member’s rights and privileges will be suspended. The member will then be given a final chance to comply by providing the necessary CPD documents. If the member complies, his or her rights are reinstated, assuming that the CPD requirements have been met. If still not completed, the CIA membership may be terminated.

In the event of termination, the member can then apply to reinstate membership but will be subject to the CIA’s standard reinstatement procedures.

The Eligibility and Education Council (EEC) may at its discretion:

- Upon written request, waive all or a portion of the requirements on compassionate grounds or under other exceptional circumstances; or
- Consider and approve a plan proposed by the member to remedy any deficiencies over a reasonable period of time. Guidelines will be needed to define an appropriate timeframe for the development and execution of an effective remedial CPD plan.

**J. IMPLEMENTATION DATE**

The implementation date for these new requirements is January 1, 2006. Although members are encouraged to use the online form to record their CPD hours on an on-going basis, the first time members will be required to officially file the CPD form with the CIA Secretariat is early in 2008 for calendar years 2006 and 2007. The actual filing date will be determined and communicated in advance.

## QUALIFICATION STANDARD

### REQUIREMENTS FOR CONTINUING PROFESSIONAL DEVELOPMENT

All members<sup>2</sup> are required to meet these requirements for Continuing Professional Development (CPD) as a mandatory condition to be qualified to practise and also as a means of maintaining their skills and knowledge.

Members are required to be up-to-date in their areas of practice by CIA Rule of Professional Conduct No 2, “A member shall perform professional services only when the member is qualified to do so and meets applicable qualification standards.” Members are reminded that requirements for CPD are qualification standards and fulfilling these requirements for CPD is a minimum and not necessarily a sufficient condition for meeting Rule of Professional Conduct No 2.

#### Application

These requirements apply to all members. A member who practises as an actuary, but does not do Canadian work, would be required to meet our CPD requirements regardless of his or her geographic location. Hours spent meeting CPD requirements from actuarial associations of other countries would count towards meeting the CIA’s CPD requirements. Also relevant non-Canadian education would count.

#### Requirements

1. Acceptable CPD activities must be relevant to the area of practice of the member and support the member in maintaining his or her level of skills and knowledge as the actuarial profession evolves. This is a subjective requirement. In most instances, it will be clear whether an activity is relevant. Ultimately, it is the member’s decision as to the relevance of an activity, but the member must be able to defend such a decision if challenged. If there is doubt, it is recommended that the member exceed the minimum requirements.

2. CPD activities will be of two types – structured and unstructured activities.

a) Structured activities are those where more than one point of view is provided such as attendance at meetings, seminars or other programs with relevant actuarial content. Examples include:

- Sessions at a meeting of the Canadian Institute of Actuaries, or other recognized actuarial bodies;
- Reviewing material that emanates from a meeting of a recognized actuarial body such as transcripts, tapes, videos or web casts;
- Seminars, courses, special meetings, etc.;

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<sup>2</sup> “member” includes Fellows, Associates, Affiliates and members of bilateral organizations when they are practising in Canada (see CIA Rules of Professional Conduct and Bylaw 21.03). Associates writing actuarial exams are deemed to satisfy the CPD requirements. After writing their last exam, they would be required to begin to accumulate CPD hours, and would be expected to be able to demonstrate compliance with the CPD requirements as of the end of the year two years following their most recent exam attempt. Qualification standards for Affiliates will be determined on a case by case basis by the CIA, but, as a minimum, would be expected to include these CPD requirements.

- Actuarial club meetings;
- Employer-sponsored, in-house training programs and seminars; and
- Active participation on actuarial practice and industry committees;

where, in each instance, the content is relevant to the educational requirements of the area of practice.

b) Unstructured activities provide for a single point of view and would normally include all other activities which contribute to CPD, but which fall outside the structured activities. This includes education obtained through private reading, research, informal discussion with colleagues and studies which can be part of normal work requirements, preparing for a presentation, activities related to business and management skills where, in each instance, the content of such activities is relevant to the educational requirements of the area of practice.

3. A minimum of 100 hours of combined structured and unstructured activities including at least 24 hours of structured activities, focused on maintaining or enhancing knowledge and skills, obtained over the most recent two-calendar-year periods are necessary to satisfy the CPD requirements. Considering the three skills relevant to all members (technical, business and management, and professionalism), this standard requires that of the total CPD requirement, a member spend a minimum of:

- 12 structured hours on his or her technical skills.
- A combination of four structured or unstructured hours on his or her business and management skills.
- A combination of four structured or unstructured hours on professionalism.

4. A CPD activity may count towards satisfying the requirements for more than one area of practice, provided it is relevant to each area of practice.

5. All members are required each year to complete and submit to the CIA a record of activities to demonstrate they meet the minimum CPD requirements starting with a filing in early 2008 for the two years ending Dec 31<sup>st</sup>, 2007. The required date to file the form will be determined and announced to members. The information provided on a member's form might be audited.

6. It is not possible to develop guidelines to cover every conceivable situation which may arise. Members who have questions relating to the application of these requirements to their particular situation should contact the Committee on Continuing Education.

### **Recognition of Compliance**

There will be no formal list maintained of members who satisfy, or do not satisfy, the CPD requirements.

A member shall be deemed to have satisfied the requirements at all times until the requirements have not been met.

### **Non-Compliance**

If a member does not complete the compliance form, or completes the form but fails to demonstrate compliance with the minimum CPD requirements then the member's rights

and privileges will be suspended. The member will be given an opportunity to comply by providing the necessary CPD documents. If the member complies, his or her rights would be reinstated. If still not completed the member's CIA membership would be terminated. In the event of termination, the member can then apply to reinstate membership but will be subject to the CIA's standard reinstatement procedures.

The Eligibility and Education Council (EEC) may at its discretion:

- Upon written request, waive all or a portion of the requirements on compassionate grounds or under other exceptional circumstances; or
- Consider and approve a plan proposed by the member to remedy any deficiencies over a reasonably short period of time.

### **Exemptions from Filing the CPD Form**

Members not currently performing actuarial work may apply for an exemption from filing by electing this option on the online CPD form (or notifying the Secretariat). Exemption categories include:

- Members not practising as an actuary.
- Retired members.
- Members unemployed and not actively seeking actuarial employment.
- Associates actively pursuing their FCIA designation or recent Fellows.
- Discretionary cases approved by the Eligibility and Education Council (EEC).

## APPENDIX A

### SAMPLE RECORD KEEPING FORM

This form is used to help you track and demonstrate compliance with the CIA's minimum CPD requirements. Since full compliance with CPD is somewhat subjective, you are encouraged to develop a CPD program that takes into account your specific situation and exceeds the minimum requirements.

**Date information was last updated:** XXXX

**CPD reporting period:** December 31, XXXX

**Current member profile:**

NAME  
CURRENT EMPLOYER  
ACTUARIAL DESIGNATION  
PRACTICE AREA  
SUB-PRACTICE AREA

**Which practice areas do you belong to at the end of this reporting period (*check box by each area?*):**

- 1) Life
  - a. Appointed Actuary
  - b. Other
- 2) Pension
- 3) Property & Casualty
  - a. Appointed Actuary
  - b. Other
- 4) Group
- 5) Investments
- 6) Actuarial Evidence
- 7) Other – please describe:

**I apply for exemption from filing a CPD form on December 31<sup>st</sup> because:**

- 8) I wrote an actuarial exam/course during year XXXX
- 9) I obtained my FCIA designation in year XXXX
- 10) I am not practising as an actuary because:
  - a. I have been unemployed since dd/mm/yyyy.
  - b. I am retired and have no plan to return to actuarial practice in the future

- c. I am in a position where my co-workers and the public are not relying on me to perform “actuarial work” of any kind and no one is relying on my work because I am an actuary. Please state your title and briefly describe your work functions. *(This information is required to support your application for exemption from the CPD requirements.)*

**Members applying for an exemption (i.e., are in categories 8, 9 or 10 above) are not required to complete the balance of the form, however, they must submit this application for exemption by the filing date. All other members must complete the entire form and demonstrate that they meet the CPD requirements by the filing date.**

**APPENDIX B**  
**SAMPLE FORM**

<b>Date</b>	<b>CPD type</b>	<b>Hours</b>	<b>Meeting / Course / Study Material Description</b>	<b>Location (country)</b>	<b>Structured / unstructured time</b>	<b>Sponsoring organization (for structured hours only)</b>	<b>Supporting documentation</b>
Year & Month	Refer to code below	Based on increments of ¼ hour	Name of the meeting attended or course taken	country/city where the CPD hours were obtained	S = structured U = unstructured	SOA, CIA, CAS, etc.	Include a brief description of the topics discussed/read, etc.
June 2005	T	1.0	Hot Topics in Living Benefits Pricing and Product Design	St. John's, Canada	S	CIA Annual Meeting	Registration form and presentation slides
May 2005	P	0.5	Changes to the disciplinary process	Toronto, Canada	U	CIA	General List e-mail exchange between CIA members from late May to early June
April 2005	T	0.5	Report of the Task Force on Automobile Insurance Issues	Toronto, Canada	U	CIA	CIA document on its website

**CPD type:**

- B: Business and Management skills  
P: Professionalism skills  
T: Technical skills



## APPENDIX C

### Q&A - Recommended Changes to CPD Requirements

October 2005

The purpose of this Q&A is to address potential questions posed by members as a result of the recommended changes. The questions are divided into four themes – A) general questions on the recommendation itself, B) questions on the proposed process of submitting CPD records annually to the CIA, C) questions on exemptions and special situations, and D) questions from members in response to the recommended changes.

#### Section A: General Questions

**Q1. The new CPD requirements apply to all CIA members. Can you specify who is included under members?**

A1. Members include Fellows (FCIAs), Associates, Affiliates and members of bilateral organizations when they are practising in Canada (see CIA Rules of Professional Conduct and Bylaw 21.03). The changes introduced on January 1, 2005 extended the CPD requirements from FCIAs to all CIA members.

Note that Associates writing exams are deemed to satisfy the CPD requirements. After writing their last exam, they would begin to accumulate CPD hours, and would be expected to be able to demonstrate compliance with CPD requirements as of the end of the year-two years following their most recent exam attempt.

**Q2. Why are members now being required to maintain records of CPD?**

A2. This requirement is not new as the responsibility of members to record their CPD activities was set out in the original CPD requirement (November 1994) which became effective on January 1, 1997. With that requirement, members were required to keep records of CPD for at least five full calendar years, and the CIA had the right to ask any member to produce these records during this time. The October 2005 recommended changes do not alter the requirement to keep records. The recommendations require a member to submit these CPD records annually to the CIA.

**Q3. I have no direct reports. Why should management skills be part of my CPD?**

A3. Some view actuaries and the profession as being highly technical, lacking in general management skills and business acumen. As stated in the October 2005 recommendation, business and management skills are not unique to the actuarial profession, however, these softer skills are important to maintain the high value placed on an actuary by an organization. The recent campaign sponsored by the Society of Actuaries and the American Academy of Actuaries, *Turn Risk into Opportunity*<sup>TM</sup>, further emphasizes this point by creating a more dynamic image of the profession both

within the profession and in the minds of employers. The *Morris Review of the Actuarial Profession* in the UK also echoes this theme.

By placing emphasis on these skills, the October 2005 recommendation hopes to encourage and engage members to further these skill sets and begin to change the perception that actuaries are predominantly technical. These softer skills also include communication, project management, time management; such skills that are relevant and beneficial to all actuaries in all positions.

**Q4. I'm the CEO of an insurance company and don't do any actuarial work. The closest I get is reviewing actuarial reports, as other board members do, who are not actuaries. Would I need to comply with the CPD requirements under the October 2005 recommendation?**

A4. If you are not practising as an actuary then CPD requirements do not apply to you and you can request exemption from filing the CPD requirements. Any exemption must be applied for annually. However, if you are doing work that may be perceived as being actuarial or where any party may rely on your work because you are an actuary, then you are practising as an actuary and thus must comply with the CPD requirements.

**Q5. Isn't requiring all members to submit CPD records too onerous?**

A5. We don't think so. Recent events such as the collapse of Enron in the US and Equitable Life in the UK have raised the profile of the public's trust and reliance on the work of professionals. Part of this credibility relies heavily on an organization's continuing professional development – its effectiveness as well as measures that are in place to enforce compliance. It is crucial that the CIA's CPD maintain the integrity of the profession to meet the expectations of the public.

It bears repeating that the requirement to track CPD is not a new one. The October 2005 recommendation requires members to submit the records which they have already been required to track. The intention is that the online tool facilitate this recording, to make the process as efficient as possible – both for the member and the CIA.

**Q6. I think the penalties are too severe. After all those years of writing exams, I think it is extreme that I could lose my designation because I don't submit an online form.**

A6. Requiring members to provide proof of CPD is common among other professions. The Committee on Continuing Education surveyed a range of professions to determine common features. The reason for maintaining such strict standards is so that CPD maintains its credibility in the eyes of the public; there must be explicit evidence of a member's compliance.

**Q7. Outside of meetings, what support will the CIA provide to help members achieve their CPD requirements?**

A7. Meeting CPD requirements is the personal responsibility of each member, however, the CIA and other actuarial organizations hold a number of meetings every year. In addition, the CIA document "Continuing Professional Development Requirements" (document 204058) describes the Skills and Knowledge Inventories

(SKIs) which are being developed by the Committee on Continuing Education. These SKIs will provide guidance to members in meeting their CPD requirements by listing subjects of which the member should have various levels of knowledge in order to practise in a specific area.

**Q8. Instead of requiring everyone to submit their CPD records, why not just randomly audit a few members? Isn't this punishing everyone for just a few that may not be complying with the CPD requirements?**

A8. The Continuing Education Committee discussed this option at length. It was felt that in order for the CPD requirements to maintain credibility in the eyes of the public, there must be explicit evidence of a member's compliance. In addition, moving in this direction will bring the CIA in line with other professional organizations which have similar filing requirements.

<b>Section B: Questions on the Process</b>
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**Q9. Do I have to use the online form? Can I instead submit my CPD records on paper and mail them to the CIA?**

A9. Yes, but online submission is strongly encouraged since it will be used to track member responses and provide reminders when the member has not filled in the form. In addition, use of the online tool is expected to keep costs manageable. The Committee on Continuing Education does not see the use of an online tool as a hindrance as a very high percentage of members currently subscribe electronically.

**Q10. If I attend a CIA meeting, will the CIA automatically recognize that as CPD in the online tool?**

A10. No, by registering for a meeting there is no guarantee that a member attended the meeting, nor is it evidence that the meeting or sessions in the meeting were relevant to the member's CPD. It is up to the member to recognize what part of a CIA meeting is relevant to their CPD.

**Q11. What will the online form look like? Will the information be secure? Will my information be kept private?**

A11. The online form is currently being developed and a draft of what the form may look like is included with this document. The design calls for the member to log onto the "Members" section of the CIA website, where personal information is secure and private.

**Q12. When would I be required to first submit the form?**

A12. The intention is for members to use the online form to keep track of CPD activities throughout the year. If the October 2005 recommendation comes into effect on January 1, 2006, members would have to complete the online form as of December 31, 2007 for calendar years 2006 and 2007 and file it with the CIA in early 2008. As of December 31, 2008 information for calendar year 2008 would need to be entered. CPD hours earned in 2007 count for the reports as at 31/12/07 and 31/12/08; it is a rolling two-year cycle.

**Section C: Questions on Special Situations and Exemptions**

**Q13. Being unemployed will exempt me from submitting my online form for CPD. If I become unemployed on September 1<sup>st</sup>, does the exemption count for 12 months from that point or for that calendar year?**

A13. The exemption from filing CPD records is determined based on a member's status as of December 31<sup>st</sup> of each calendar year. Suppose the member became unemployed on September 1, 2006 and remained unemployed from actuarial work until February 1, 2007, at which point the member remained employed in actuarial work until at least 2008. The member would be exempt from filing CPD records for the calendar year 2006. However, by December 31, 2007 the member must fulfill all CPD requirements, and is no longer exempt from filing CPD records. When a member satisfies CPD, they must satisfy full CPD; there is no pro-rating for time within the year that the member may have been exempt.

Members who are exempt from filing, with plans to become non-exempt in the future, are encouraged to continue and maintain CPD to every extent possible.

**Q14. Can I get an exemption or partial reduction in requirements if I work part-time?**

A14. Although exemptions are given for certain cases (e.g., retired), the Committee on Continuing Education does not believe that explicit exceptions to CPD are necessary for members working part-time. Members are already required to be up-to-date in their areas of practice under the Rule of Professional Conduct No 2 – “A member shall perform professional services only when the member is qualified to do so (...).”

An analogy would be visiting a medical doctor who works part-time. The public has an expectation that the practising MD is fully qualified in the field, and not just knowledgeable in half the field because of working part-time.

**Q15. If I were unemployed for 50% of the calendar year, and then resume practising as an actuary, do I only need to meet 50% of the CPD requirements?**

A15. No – when you resume practising as an actuary, you are required to meet the full CPD requirements; there are no pro-rata requirements. Members who are exempt from filing their CPD records yet intend to return to being a practising actuary at some later date, are encouraged to attempt to maintain as much CPD as possible.

**Q16. How do I apply for an exemption from filing my CPD records? Do I have to re-apply every year?**

A16. The online form will have a section to enable a member to apply for an exemption, as well as the reason for the exemption. The exemption will have to be re-established annually.

**Q17. If I receive an exemption for say, December 31, 2006, does this mean that at December 31, 2007 I have to meet the full two-year cycle requirements?**

A17. Yes – whenever you are required to submit a form you must meet the full requirements. So, two years of CPD must be demonstrated in the January 1, 2006 to December 31, 2007 period, although almost all of the activity may have occurred in 2007.

**Q18. I am a member who wrote an actuarial exam or attended an actuarial course (such as the Practice Education Course or the SOA Course 7 Seminar) in 2005, but none after that. When do I have to first submit a form with my CPD requirements?**

A18. You will have to request an exemption from filing as of December 31, 2006. For December 31, 2007 you will be required to submit a form that demonstrates you have met the full requirements over the 2006/2007 period, assuming that you do not qualify for exemption from filing under some other criteria.

**Q19. I am an FCIA, however, the work I do is not Canadian. Why do I need to keep up with CPD requirements?**

A19. As an actuary and a professional, you are expected to keep well-informed and current with the profession wherever you are working as an actuary, or people are relying on your work as an actuary. Those who have the FCIA designation should be undoubtedly recognized for their professionalism and so the committee felt that it was still important for the CIA member, (who is still using the FCIA designation and thus associated with the CIA), to maintain their CPD requirements regardless of whether the work being done was of Canadian content or not. The CPD done for that foreign country would count towards satisfying the CPD for the member's FCIA designation. The CPD does not necessarily have to be Canadian in nature, although the member is encouraged to do so if he or she intends to return to a role that is Canadian in nature at some point in the future.

**Q20. I hold the FCIA designation as well as a designation from another actuarial body. If I meet the CPD requirements of that other body, why do I need to meet the CIA's CPD requirements?**

A20. You are expected to meet requirements of both organizations, but may count CPD activities for the non-CIA actuarial organization towards the CIA requirements, provided that the activities are relevant to your role, and meet the basic structure of the CIA CPD requirements (e.g., technical skills, managerial, etc).

**Section D: Questions from Members in Response to the Recommended Changes.**

In a CIA announcement dated August 10, 2005 CIA members were advised of proposed changes to the Institute's Continuing Professional Development requirements. Member comments were requested by September 30, 2005 so that there would be enough time for approval of the proposal at the General Meeting in November.

The purpose of this Q&A is to answer questions that the committee received by members. What follows below are actual comments received from members, which have been edited only for space consideration or grouped where many comments were received of a similar theme.

*The Committee thanks all of those members who took the time to respond and provide feedback.*

**Q21. Instead of a deadline of December 31<sup>st</sup> to complete the form, how about January 15<sup>th</sup> to avoid a year-end?**

A21. We have removed the Dec 31<sup>st</sup> fixed filing date. The filing date will likely be moved to early in the following year.

**Q22. Will members be able to copy/paste from software products such as excel, directly into the online form to avoid keying-in data?**

A22. Most likely. Although the online form has not yet been designed, the goal is to make the mechanics of reporting as effortless as process. So certainly options like copy/paste or uploading information will be explored.

**Q23. Why is the CPD requirement being weakened to 20 hours? How does this meet the objective of strengthening CPD?**

A23. The CPD is not being weakened. The current CPD requirement of 100 hours every two years, 24 of which are structured is still being maintained. Recommendation 1 requires that some of these hours be spent on either Technical Skills, Professionalism or Business and Management Skills.

**Q24. Are employer-sponsored seminars such as lunch and learn considered structured or unstructured?**

A24. It depends on a few factors. Structured events should be relevant to the member's area of practice and must include multiple and varying points of view. The most common example of a structured event is physically attending a meeting at an actuarial conference, the content of which is relevant to the member's area of practice. Unstructured events are those events that provide a single point of view - such as reading a CIA paper - yet still relevant to the member's area of practice. Members must decide whether this education is relevant and whether structured or unstructured.

Is the lunch and learn relevant to your area of practice? Is there an opportunity for discussion and for presenting varying points of view? Is the session on a topic that is current? Is it relevant to all actuaries or specific to the particular employer? If it were the case, then the internal seminar would qualify as structured event.

**Q25. It will be impractical to attain four structured hours on Business and Management skills. In addition, I do not think they should be structured hours.**

A25. A number of members shared this comment. The Committee has discussed and agreed to make this requirement a combination of 4 *structured and unstructured* hours.

**Q26. Are retirees subject to these requirements?**

A26. No if they do not currently practice as an actuary. However, any member no longer practicing but who intends to return to work force as an actuary at some late date is encouraged to maintain as much CPD as possible.

**Q27. What should members use to record hours before the on-line tool becomes available?**

A27. The on-line tool should be available in early 2006. Until then, members are free to use any document/tools that they are comfortable with. The sample Record Keeping Tool provided with the recommendation will give members an idea of what information they should keep track of.

**Q28. If a member practices in more than one area, do they need 12 structured technical hours for each practice area?**

A28. The current CPD requirements of 100 hours, is a member-based minimum not a practice based minimum and as such applies regardless of the specific situation of the member. At this point, the Compliance Form is only requiring members to demonstrate they meet the minimum but members are encouraged to spend more than the minimum on continuing education. Members are also already required to be up-to-date in their area of practice under the Rule of Professional Conduct No. 2 – “A member shall perform professional services only when the member is qualified to do so (...)” and this may require a member to do more than the minimum.

**Q29. What is an example of an activity to satisfy Professionalism skills?**

A29. There is some flexibility here as the requirement is a combination of structured or unstructured. Examples include:

- Reading CIA Rules of Professional Conduct
- Engaging in a conversation about changes to CIA Bylaws
- Attending an SOA or CIA session on ethics

**Q30. Is volunteering on a CIA committee structured or unstructured?**

A30. It depends on the committee and what task you are doing. If you are on CLIFR and are discussing the year-end letter, this is probably structured and related to technical skills. If you are on the Program Committee and are deciding on speakers for the next meeting, this is probably unstructured. If there is some negotiation involved however, this activity could count towards your Business and Management skills.

**Q31. Instead of half hour increments, why don't members record their hours in quarter hour increments?**

A31. The committee recognizes that it may be more appropriate to have quarter hour increments (specially for structured hours) and as such, the form will be modified to allow for ¼ hr increments. If a member would like to detail hours in less than ¼ hour increments, they can record smaller increments in their own log, and then tally them up in ¼ hour increments for submitting to the CIA.

**Q32. If a member takes a 5-year leave of absence to raise a family, does this mean that the member must demonstrate 5-years worth of compliance with CPD before returning to work?**

A32. No but they do need to be able to meet the CPD requirements at Dec 31 following their return to actuarial work. I.e., show a minimum of 100 hours in the 24 months before the Dec 31<sup>st</sup>. Further, Rule of Professional Conduct No. 2 states that “A member shall perform professional services only when the member is qualified to do so (...)”. Members who are exempt from filing their CPD records yet intend to return to being a practicing actuary at some later date, are therefore encouraged to attempt to maintain as much CPD as possible prior to returning.

**Q33. Does time spent towards preparing a presentation count towards structured or unstructured?**

A33. Assuming the topic is relevant to the member’s area of practice, doing research for the presentation by reading material is unstructured as there is no opportunity for varying points of view. Discussing the content with a peer reviewer would likely count as structured.

**Q34. Where can I find definitions of structured and unstructured?**

A34. a) Structured activities are those where more than one point of view is provided such as attendance at meetings, seminars or other programs with relevant actuarial content. Examples are:

- Sessions at a meeting of the Canadian Institute of Actuaries, or other recognized actuarial bodies;
- Reviewing material that emanates from a meeting such as transcripts, tapes, videos or web casts;
- Seminars, courses, special meetings, etc.;
- Actuarial club meetings;
- Employer-sponsored, in-house training programs and seminars; and
- Participation on actuarial practice and industry committees;

where, in each instance, the content is relevant to the educational requirements of the area of practice.

b) Unstructured activities provide for a single point of view and would normally include all other activities which contribute to CPD, but which fall outside the structured activities. This includes education obtained through private reading, research, informal discussion with colleagues and studies which can be part of normal work requirements, preparing for a presentation, activities related to business and management skills where, in each instance, the content of such activities is relevant to the educational requirements of the area of practice.



**Q35. Is teaching a course structured or unstructured?**

A35. Preparing for the lecture itself is unstructured, as there is only one point of view. Having a discussion group with the students would be considered structured. Of course, this assumes that the course is relevant to your area of practice.

**Q36. What level of recording for unstructured hours would be required?**

A36. The sample Record Keeping form, provided with the recommendation, is an example of what information is expected.

**Q37. Should the recommendation include a minimum number of hours from attending sessions specifically from the CIA?**

A37. The committee discussed this alternative, however this is not practical for members whose work is not considered Canadian in nature.

**Q38. I don't think the on-line form is necessary. Why can't a member simply sign a statement which attests to having met CPD requirements at the time member dues are paid?**

A38. The committee discussed this option at length. It was felt that having a member simply "tick a box" indicating compliance would not meet one of the objectives of CPD, namely to increase the public's confidence that members fulfill the requirements. It is also felt that the additional administration associated with each member filing records of CPD, is worthwhile.

**Q39. The last set of CPD changes were effective January 1, 2005 – why are new changes being proposed so soon? How do we know that the last changes, that have been in place a mere nine months, are working or not?**

A39. The changes effective January 1, 2005 were not significant, and as part of their introduction we said that further changes were being considered. As stated in the proposal, the changes at this time endeavor to meet three objectives – make CPD relevant to members, increase public confidence, and ensure equality. Also, it is worth noting that the actuarial landscape has changed over the past few months, with the release of the Morris report in the UK.

**Q40. I practise in the Actuarial Evidence area and may have trouble meeting the requirement for 12 structured technical hours every two years as there is only one actuarial evidence seminar a year.**

A40. There are other opportunities for technical education such as:

- Sessions from other practice areas offered at CIA meetings relevant to the A.E. practice area.
- Sessions from other professional bodies.
- Web casts are becoming more common and may be a way of attaining hours without attending a meeting.

**Q41. Can you give examples of technical skills?**

A41. For a valuation actuary in an insurance company, this would include an internal department meeting on discussing new mortality MCCR requirements. For a pension

actuary this would include attending a seminar on changes being proposed to the Pension Benefits Act.

**Q42. If I have been exempt from CPD as a result of being out of the workforce, do I need to have met my CPD requirements before taking an actuarial job?**

A42. No. Members would be encouraged to catch up with their CPD requirements within a reasonable time. As of the end of the year when the member restarts actuarial work he or she would be required to have met their CPD requirements for the previous two years. In situations where this is not possible such as starting the job in December, the member can apply to the CE committee for an exemption and a plan would be developed so the member can meet their CPD requirements in a reasonable period of time.

Members are reminded that Rule of Professional Conduct No. 2 requires them to be qualified to do so before performing professional services.