

## **Section 2. General Qualification Standard**

An actuary who issues a Statement of Actuarial Opinion when providing Actuarial Services must satisfy the General Qualification Standard. When issuing certain types of Statements of Actuarial Opinion, an actuary must also satisfy Specific Qualification Standards (see Section 3). An actuary must have met the following requirements for basic education and experience and continuing education before issuing a Statement of Actuarial Opinion:

### **2.1 Basic Education and Experience Requirement**

To satisfy the General Qualification Standard, before issuing a Statement of Actuarial Opinion, an actuary must meet the following criteria:

- Be a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization; and
- Have three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems; and
- Be knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion. “Law” is defined in the *Code of Professional Conduct*.

In addition, in order for an actuary to issue Statements of Actuarial Opinion in an area covered by a specialty track offered by the Society of Actuaries, or in an area of practice covered by the exams of the Casualty Actuarial Society or the American Society of Pension Professionals and Actuaries, one of the following must be met:

- Attain the highest possible actuarial designation in an IAA full-member organization (other than the Academy) and complete a specialty track in the area of actuarial practice relevant to the subject of the SAO; or
- Attain the highest possible actuarial designation in an IAA full-member organization (other than the Academy) and have a minimum of one year of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place under standards in effect at that time; or
- Have a minimum of three years of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place under standards in effect at that time.

Specialty tracks of the Society of Actuaries currently include Enterprise Risk Management, Finance, Health, Group Life and Managed Care, Investments, Individual Life and Annuity, and Retirement Benefits. There are no specialty tracks in the Casualty Actuarial Society or the American Society of Pension Professionals and Actuaries.

2.1.1 Enrolled Actuary Exemption — Enrolled Actuaries are deemed to meet the basic education and experience requirement of the General Qualification Standard in the pension practice area.

2.1.2 Basic Education and Experience Requirement Must Only Be Met Once — An actuary need only satisfy the basic education and experience requirement in an area of practice once. Accordingly, an actuary who has satisfied the basic education and experience requirement in an area of practice prior to the effective date of the Qualification Standards is deemed to satisfy the basic education and experience requirement in that area of practice of the Qualification Standards.

2.1.3 Changes in Practice or Application — For specific guidance on new or changed areas of actuarial practice or changes in the application of actuarial science, see Section 4.

## 2.2 Continuing Education Requirement

2.2.1 Background — Actuarial practice is grounded in the knowledge and application of actuarial science, a constantly evolving discipline. If actuaries are to provide their Principals with high-quality service, it is important that they remain current on emerging advancements in actuarial practice and science that are relevant to the Actuarial Services they provide. Further, opportunities to practice are expanding beyond traditional work for pension plans and insurance companies to encompass the broader world of financial services. Actuaries working in emerging areas need to be familiar with relevant new techniques and concepts from other related disciplines (e.g., economics, statistics, finance, investments, accounting, computer modeling, and law).

2.2.2 Continuing Education Requirement in General — To satisfy the General Qualification Standard, actuaries are required to complete and document at least thirty (30) hours each calendar year of relevant continuing education of which at least three (3) hours must be on professionalism topics and at least six (6) hours must be “organized activities” (see Section 2.2.7). The 30-hour requirement will typically be met in the calendar year preceding the year in which the actuary issues a Statement of Actuarial Opinion. However, if the 30-hour requirement is not met in the year before an actuary issues a Statement of Actuarial Opinion, the shortfall can be earned in the same year, if earned prior to issuing the SAO. The hours earned to satisfy the shortfall cannot be applied to satisfy the continuing education requirement for the current year.

***Example:***

An actuary earns 30 hours of continuing education in 2010 and, assuming the other qualification requirements are met, can issue SAOs in 2011. However, in 2011, the actuary only earns 27 hours of continuing education. The actuary can not issue SAOs in 2012 until 3 hours of continuing education are earned. The actuary must then earn an additional 30 hours of continuing education in 2012 to issue SAOs in 2013.

**2.2.3 Effective Date and Transition** — The 30-hour continuing education requirement will be effective for SAOs issued in 2010. For SAOs issued in 2009, the 30-hour requirement is reduced to 24 hours. However, the 3-hour professionalism requirement and the 6-hour organized activity requirement are not reduced. The 24 hours would typically be earned in 2008.

**2.2.4 Initial Year of Applicability** — Hours spent meeting the basic education and experience requirement may be applied toward the continuing education requirement if earned in the year prior to issuing the Statement of Actuarial Opinion.

**2.2.5 Coordination with Specific Qualification Standards** — The 30-hour requirement includes hours obtained pursuant to the continuing education requirement of the Specific Qualification Standards (see Section 3.3).

**2.2.6 Practicing in More than One Area of Actuarial Practice** — If an actuary must obtain continuing education requirements in more than one area of practice (see Section 2.3), the total annual hours required for all areas of actuarial practice combined remains at 30. An actuary should use good judgment in obtaining continuing education in all areas of practice related to the actuary's work.

**2.2.7 Relevant Continuing Education** — Continuing education is “relevant” if: (1) it broadens or deepens an actuary's understanding of one or more aspects of the work an actuary does; (2) the material expands an actuary's knowledge of practice in related disciplines that bear directly on an actuary's work; or (3) it facilitates an actuary's entry into a new area of practice. Ultimately, it is an actuary's responsibility to make a reasonable, good-faith determination of what continuing education opportunities will enhance an actuary's ability to practice in a desired field.

Relevant continuing education includes not only technical topics in the actuary's area of practice, but also includes business and consulting skills topics and professionalism topics. Examples of business and consulting skills topics include, but are not limited to, client relationship management, presentation skills, communication skills, project management, and personnel management. Examples of professionalism topics include, but are not limited to, studying, reviewing, or providing input on an Exposure Draft of an ASOP; studying or reviewing the *Code of Professional Conduct*; and serving on the ASB or a professionalism committee.

Continuing education can be obtained through either “organized activities” that involve interaction with actuaries or other professionals working for different organizations or “other activities.” “**Organized activities**” include, but are not limited to, conferences, seminars, webcasts, in-person or online courses, or committee work that is directly relevant to the area of practice of the subject of the Statement of Actuarial Opinion. In-house meetings can satisfy the requirement of interaction with actuaries or professionals working for different organizations by using outside speakers.

“**Other activities**” include, but are not limited to, reading actuarial literature, statutes, or regulations; reading other books, papers, or articles on relevant technical or professional topics; writing professional papers or articles; listening to tapes of actuarial meetings or other relevant seminars or conferences; relevant in-house meetings; studying for actuarial exams; drafting actuarial exam questions; or preparing to speak or lead a discussion at a continuing education activity.

**2.2.8 Applicability to Enrolled Actuaries** — Enrolled Actuaries who issue Statements of Actuarial Opinion other than Schedule B (Form 5500) certifications and other government-required forms must supplement the Joint Board’s continuing education requirements with the continuing education requirements of the Qualification Standards beginning in 2011 (for Statements of Actuarial Opinion issued in 2012). Enrolled Actuaries who issue Statements of Actuarial Opinion related to retirement plans to which ERISA applies are deemed to satisfy the continuing education requirement of the Qualification Standards through 2010 (for Statements of Actuarial Opinion issued through 2011) if they meet the Joint Board CE requirements. However, Enrolled Actuaries who issue Statements of Actuarial Opinion not covered by this exemption, such as Statements of Actuarial Opinion related to supplemental retirement plans or post-retirement medical benefits, must supplement the Joint Board’s continuing education requirements with the additional hours necessary to meet the continuing education requirement of the General Qualification Standards.

**2.2.9 Additional Guidance** — An hour of continuing education is defined as 50 minutes and fractions of an hour may be counted. Hours of continuing education in excess of the annual requirement, including hours of organized activities, may be carried forward one year. Hours spent on general business courses and educational materials are limited to 3 hours per year.

## **2.3 Actuaries Issuing Statements of Actuarial Opinion in More than One Area of Actuarial Practice**

**2.3.1 Statements of Actuarial Opinion Involving Skills that Can Be Learned in More than One Area of Actuarial Practice** — Some Statements of Actuarial Opinion may require the exercise of skills that can be learned in more than one area of actuarial practice; for example, the principles involved in calculating annuity reserves could be learned in either the life or pension areas. An actuary who issues such Statements of Actuarial Opinion is deemed to meet the General Qualification Standard if the actuary meets the basic education and experience requirements and continuing

education requirements in any one of the areas of actuarial practice relevant to the Statement of Actuarial Opinion.

- 2.3.2 Statements of Actuarial Opinion that Blend Elements of Two or More Areas of Actuarial Practice — Some Statements of Actuarial Opinion may blend significant elements of two or more areas of actuarial practice (for example, reserving for continuing care retirement communities, which involves significant elements of both health and life practice). An actuary who issues such Statements of Actuarial Opinion is deemed to meet the General Qualification Standard if the actuary meets the basic education and experience requirement in any one area. In meeting the continuing education requirement, an actuary should include material in all areas of actuarial practice relevant to the Statement of Actuarial Opinion. An actuary may find it prudent to work with an actuary with complementary experience and education (see Section 2.4 below) or to obtain additional experience and/or continuing education relevant to the Statement of Actuarial Opinion.
- 2.3.3 Statements of Actuarial Opinion in Two or More Distinct Areas of Actuarial Practice — An actuary may choose to issue Statements of Actuarial Opinion in two or more distinct areas of actuarial practice, although each Statement of Actuarial Opinion issued by the actuary may involve only one area of actuarial practice (for example, a life actuary might agree to conduct a reserve adequacy analysis for a health insurance company). An actuary who issues Statements of Actuarial Opinion in two or more distinct areas of actuarial practice must fully satisfy the basic education and experience requirement in each area. In meeting the continuing education requirement, an actuary should include material in each practice area (in this example, life and health).
- 2.4 Statements of Actuarial Opinion Issued by More than One Actuary — An actuary who meets the General Qualification Standard may not necessarily be qualified, as required by Precept 2 of the *Code of Professional Conduct*, to issue a particular Statement of Actuarial Opinion. For example, the Statement of Actuarial Opinion may involve elements of an area of actuarial practice in which an actuary is not fully qualified. In that event, for purposes of the General Qualification Standard, an actuary may issue the Statement of Actuarial Opinion with another actuary whose basic education and experience, or continuing education, complements that of the first actuary with respect to the jointly issued Statement of Actuarial Opinion. Both actuaries will be deemed to meet the General Qualification Standard if their collective basic education and experience and continuing education are sufficient as to all areas of actuarial practice relevant to the Statement of Actuarial Opinion, and if they are collectively qualified under Precept 2 of the *Code of Professional Conduct* to issue the particular Statement of Actuarial Opinion.