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AMERICAN ACADEMY *of* ACTUARIES

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Robert Beuerlein, MAAA, FSA  
*President*

Thomas F. Wildsmith IV, MAAA, FSA  
*Immediate Past President*

May 4, 2017

Dear Members of the IAA Executive Committee:

We are writing to share with you the American Academy of Actuaries' thoughts on how the IAA Council can bring the discussion over the proposed new syllabus to a successful conclusion.

There is broad agreement that the new syllabus is a significant and valuable technical achievement. There is broad agreement that the IAA has an important role to play in supporting and assisting Full Member Associations (FMAs) in developing and improving their educational programs. There is broad agreement that membership in the IAA should be limited to bona fide professional actuarial organizations that are dedicated to advancing the profession in their respective jurisdictions. There is also broad agreement that subsidiarity remains a foundation principle for the governance of the IAA.

As the discussions over the last 18 months have made clear, the core issue for many FMAs, including the American Academy of Actuaries, is one of governance. We believe that for any proposal to adopt a new syllabus to succeed at Council it must explicitly state that the rights of FMAs under the principle of subsidiarity – as recognized by the Internal Regulations and Statutes – are not being reduced. We believe this was the intent of the presentation made by IAA leadership at the recent Council meeting in Budapest, which suggested moving forward on the basis of adopting the syllabus while keeping “everything else . . . as is.” But, as several Council representatives noted, the details matter. In hopes of advancing the discussion, we would like to propose the following resolution language to Council.

*In order to provide the IAA Accreditation Committee and Council with an effective tool to use in considering applications for membership, and to provide Full Member Associations with a modern and forward looking syllabus that they may use to improve the quality of actuarial education within their jurisdictions, Council adopts the learning areas and topics/subtopics from section II (“Updated IAA Education Syllabus”) of the February 2016 Syllabus Review Task Force report as the new IAA Education Syllabus.*

*Consistent with the principle of subsidiarity, adoption of the new syllabus will in no way reduce the right and responsibility of FMAs to adapt their syllabus to local needs, as recognized by Sub-Section 2.2.2(d) of the IAA Internal Regulations: “Components of the Education Syllabus may be given different weight by different actuarial associations, and subjects may be arranged and material from various topics within the Education Syllabus may be combined in an education*

*system as appropriate. An education system may be assessed based on the overall balance between depth of coverage and breadth of coverage, rather than a narrow focus on each part of the Education Syllabus.” The syllabus is a tool for FMAs to adapt and use in improving their own education programs; it is not an enforcement mechanism. Adoption of the new IAA Education Syllabus does not diminish in any way the rights and privileges of FMAs.*

*The minimum necessary changes will be made to the Education Guidelines to conform them to the revised terminology in the new Syllabus. Specifically, the term “subject” will be replaced by “learning area” and the term “topic” will be replaced by the term “topic/sub-topic.” These changes will in no way infringe on the rights of FMAs as described in the prior paragraph.*

The principle of subsidiarity is an essential recognition of the tremendous diversity of the global actuarial profession. Whether an individual actuary is fit and qualified to practice in a specific jurisdiction is necessarily a local matter. Actuarial practice is jurisdiction-specific. It varies around the world to reflect local laws, regulations, business practices and markets. This is not a weakness, but rather a strength. It is a mistake to assume that a local orientation – and local governance – is inconsistent with educational excellence. The goal of any FMA’s educational program is to prepare its members to serve the needs of the public within its jurisdiction – and that can only be evaluated with reference to the specific legal, regulatory, and economic environment in which its members will be working. This evaluation cannot be effectively performed by a global organization; it must remain the responsibility of the local FMAs.

The Academy is responsible for establishing professional standards governing actuaries practicing in all 50 U.S. states, each with its own insurance laws and regulations. Because of the Academy’s half-century track record of maintaining strong and appropriate professional standards, the U.S. actuarial profession has earned the continuing right to govern itself, which is the original purpose for which the Academy was established. We’ve also learned that it’s simply not possible to advance the profession by ignoring or minimizing the differences among jurisdictions – instead, we must recognize and honor them. This is even more true internationally than it is within the U.S., because the legal, regulatory and economic differences among nations are greater than those among the 50 states. Whatever the IAA may do, those jurisdictional differences among nations will remain, and they will continue to shape the professional lives of practicing actuaries. This is why the principle of subsidiarity is so important. It is the only effective way for a global profession to meet the disparate needs of each local jurisdiction.

We value our collaboration with the IAA, and would appreciate the opportunity to discuss this proposed resolution at the next Council meeting in Chicago.

Sincerely,



Robert Beuerlein, President



Thomas F. Wildsmith IV, Immediate Past President

Cc: IAA Council Representatives