



AMERICAN ACADEMY *of* ACTUARIES

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Dear Members of the IAA Education Committee:

We appreciate this opportunity to provide some additional thoughts on the proposed IAA Education Syllabus. As the U.S. national association, we recognize the critical importance of rigorous actuarial education. It is essential in assuring that actuaries practicing in the U.S. are indeed qualified to do so.

We thank the Education Committee, and in particular the Syllabus Task Force, for all their hard and productive work. The IAA plays an important role in assisting its member associations in improving actuarial practice around the world. Our comments are intended to assist the IAA in identifying the most appropriate way to support Full Member Associations (FMAs) in this regard. We will not repeat everything that has already been stated orally and in writing. Instead, we highlight what we believe to be the most significant aspects of the syllabus initiative.

The process for establishing new IAA Education Guidelines must of necessity have two separate and distinct parts – agreement on an education syllabus, which you and your committee are so diligently pursuing, and a determination of how the syllabus will be applied as a standard, guideline or model for FMAs. Decisions regarding the latter affect the fundamental nature of the relationship between the IAA and its FMAs, and should necessarily be the responsibility of the Executive Committee and Council. Our comments below relate to both the substance of the syllabus and the applicability to FMAs, and we are sharing them with both the Education Committee and the Executive Committee.

Role of the Syllabus

Any comments on the proposed syllabus necessarily hinge on whether the syllabus is to be a mandated floor or “aspirational” in the sense of a model of best educational practices for FMAs to consider. This is a threshold question that should be agreed upon first. We believe the proposed syllabus should be – and is appropriate as – a model for best practices, and our comments below are based on this assumption.

The Education Committee has said that every IAA FMA will have to make changes to “comply” with the newly proposed syllabus. If all actuarial education systems fall short of the proposed syllabus, even those of associations with the most robust and advanced education systems, then the proposal must of course be aspirational in the sense that it represents an advance over current best practices. Further to this point, the proposed syllabus greatly expands the ten basic topics set forth in the current syllabus into hundreds of details. We believe this dramatic expansion in detail changes the nature of the syllabus, making it more prescriptive and less flexible. This expansion is entirely appropriate for a model syllabus for those associations who want or need a detailed plan to pursue their aspirations towards best practices in actuarial education. For a syllabus to be used as a requirement to be imposed on FMAs (and we do not believe that is the role of the IAA), it must have the flexibility necessary to reasonably accommodate the variety of practice needs and learning approaches seen across the world. Thus, while the proposed syllabus provides a valuable model for best practices, it is not appropriate to use it as a minimum “floor” requirement for FMAs.

Using this syllabus as an aspirational model for FMAs is consistent with respect to jurisdictional differences and the long-understood role of the IAA. Historically, the IAA has always recognized the appropriateness of FMAs tailoring the actuarial education they provide to local needs and conditions by allowing different depths and breadths of coverage for the various syllabus topics. The IAA syllabus has not been one that has gone beyond the essential requirements for basic actuarial education. The current Education Guidelines explicitly say that they are not intended to prescribe a specific process for actuarial education. While this kind of flexibility may not be a requirement for an aspirational syllabus, we believe that it is absolutely essential in any syllabus that would be seen as even an informal requirement for FMAs.

We have no problem with the IAA developing a “best practices” education proposal as an aspirational model for consideration by member associations. But, to declare that the proposed syllabus is not “aspirational” because it represents an achievable goal, and thus may appropriately be established as a mandatory standard, presents a fundamental problem. While the more developed educational systems may be capable of implementing the proposed syllabus, it does require material changes to currently accepted educational practices, while at the same time providing minimal flexibility to accommodate local needs and practice patterns. A mandatory standard would leave IAA member associations with no choice about whether those changes are appropriate for each association’s particular jurisdiction. Instead, this would mandate changes in the educational systems of all FMAs, and would put the IAA into an authoritarian regulatory role that we believe is inappropriate.

Advantages of a “Best Practices” Model Syllabus

Applying the syllabus as a model for best practices will solve a number of potential problems that would be caused by a mandatory approach.

First, there are, and always will be, differences among FMAs concerning what a particular actuary needs to know to be fully qualified and capable to do particular kinds of actuarial work in the FMA’s jurisdiction. Recognizing these jurisdictional differences is not just a practical consideration in designing educational systems; it is also directly relevant to the IAA’s role in assisting FMAs in this important area.

Second, we suspect there are many FMAs, like the U.S.-based associations, that have some groups of actuaries certified by the national government. It becomes problematic to the FMA for the IAA to suggest that these government certified actuaries are not “fully qualified” to do the work for which they have been certified. We don’t believe the IAA should seek to overrule the decisions of sovereign governments and regulators.

Professionalism

We are concerned that the proposed syllabus creates confusion by lumping together – and thus implicitly equating – professionalism and business skills. There is a fundamental difference between the two. Professionalism must be a core element of any actuarial syllabus, because it is the basis for public trust in the profession. Thus professionalism, understood in ethical terms, is by its very nature an essential element of actuarial education for all member associations. While general business skills are certainly desirable, they simply do not play the same defining role for the profession.

We believe that Section 10 should be solely devoted to emphasizing that, throughout the world, the actuarial profession (and the public) requires ethical conduct and practice from its members – practicing actuaries. As the ethicist at the Vancouver Presidents’ Forum noted, “All professions serve at the pleasure of the public … [T]hey owe their right to practice to the willingness of others to trust in their expertise and honor.” We believe this is what the IAA should be encouraging and emphasizing as essential for fully qualified actuaries throughout the world. This is the essence of professionalism.

General Business Skills

Business skills are different. Like professionalism, business skills are often categorized as soft or non-technical capabilities. Skills such as leading teams and making cogent and coherent presentations are desirable for any business person and, arguably, essential for actuaries pursuing management or leadership roles. These skills, however, should be distinguished from professionalism. If we conflate business skills with professionalism and ethics, we risk diluting the importance of the latter. This is far more likely to undermine public respect for and trust in the profession rather than it is to enhance it. The IAA syllabus has traditionally not gone beyond the essential requirements for basic actuarial education and certainly has not delved into areas that are components of social and emotional intelligence. We do not believe this expansion is prudent.

Business skills may have a place in an aspirational syllabus. Yet, we know of no actuarial credentialing association that has demonstrated an ability to teach such skills. In fact, in the U.S., we believe employers of actuaries would prefer to train their actuarial employees on the communication and business skills needed for their particular positions. We see no indication that employers would rather outsource this to an actuarial association. As a result, and without diminishing in any way the importance of good business skills, we do not see communications skills in particular as being core to what it means to be an “actuary.”

We would also note that in an increasingly global and diverse profession, many actuarial students are studying under systems that are not administered in their native language. Additionally, soft skills are highly dependent on cultural settings and expectations that vary not just between nations, but between regions and socio-economic classes within a single country, and are notoriously difficult to evaluate objectively. In this environment, making communications and business skills essential elements of actuarial education may have significant unintended consequences.

To be effective, we believe that education must not only be technically sound, but must also be both relevant to the local jurisdiction and delivered in a way that is consistent with local needs and resources. We see the IAA as a potent facilitator of the continued development of actuarial education worldwide. And, properly positioned as an aspirational model and fine-tuned as we and others suggest, we believe that the proposed IAA syllabus will be an important contribution to the global profession.

Finally, we believe the IAA’s role is as a provider of valuable resources and information for its FMAs – a place we go to seek solutions to our problems, not as a regulator of our associations. This seems foundational and is at the core of our belief that the proposed syllabus should be positioned as an aspirational model for FMAs.

We value our collaboration with the IAA, and would welcome the opportunity to discuss these issues with you in more detail.

Sincerely,



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American Academy of Actuaries

Cc: Fred Rowley, President, IAA
 IAA Executive Committee