

# Competency Framework for Membership



## INTRODUCTION

The **purpose** of the Competency Framework is to specify necessary knowledge required of a new Academy member regarding **General Actuarial Topics, U.S. Laws and Practices, and U.S. Actuarial Professionalism.**

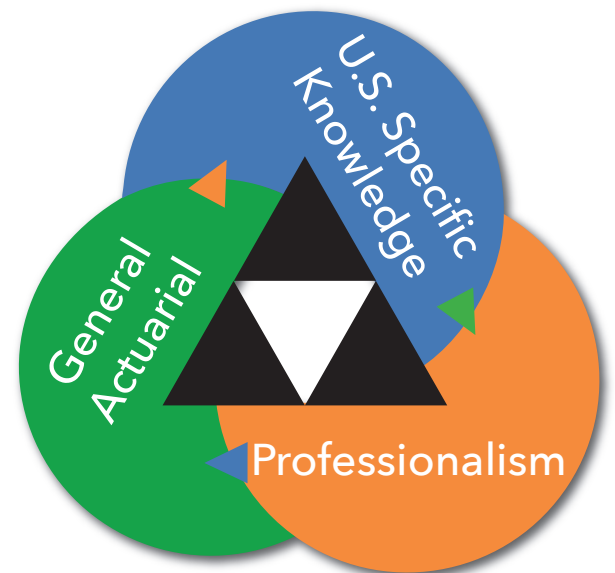
This Framework is a fluid document that is expected to be modified periodically. The Academy's Competency Framework was first approved by the Academy Board of Directors in January 2023, later updated (editorial changes only) and approved by the Board in October 2023, with the latest being updated in June 2024 to reflect additional editorial changes.

## Competency Framework for Membership

An applicant for membership in the American Academy of Actuaries must have obtained basic actuarial education through examination and/or experience that covers the following broad topic areas in a manner appropriate to their specific area of practice.

The depth of knowledge necessary for particular topics may vary based on the applicant's specific area of practice.

**Completion of the prescribed basic education does not constitute qualification for any specific actuarial engagement. All of the requirements of the U.S. Qualification Standards must be met before a member of the Academy is qualified to render a statement of actuarial opinion.**



## This Competency Framework uses the following terms:

- ▶ **“Basic familiarity”** to describe a level of knowledge of an applicant who has been introduced to the terminology and concepts of a topic; and
- ▶ **“Foundational knowledge”** to describe a level of knowledge that would allow an applicant to directly apply their knowledge of a topic to their daily actuarial practice in a responsible and independent manner.
- ▶ **“Specific area of practice”** in a narrower sense than the broad, traditional “Practice Area” categories of Casualty, Health, Life, and Pension as defined in the U.S. Qualification Standards. For purposes of the Competency Framework, the depth of knowledge needed by an applicant is determined by their sub-specialty within these broader Practice Area categories. For example, financial reporting within any one of these broader Practice Areas requires significantly different knowledge and skills than premium calculations within the same Practice Area.



Below are the **required competencies**  
for new members of the American Academy of Actuaries  
that have been acquired through education or experience:

## Competencies Pertaining to **General Actuarial** Topics

### 1. **Probability and Statistics**

**Foundational knowledge** of probability and statistical methods and a **foundational knowledge** of additional statistical methods most relevant to the applicant's specific area of practice.

### 2. **Actuarial Models**

**Foundational knowledge** of the primary actuarial models used in the applicant's specific area of practice.

### 3. **Data Management and Analysis**

**Basic familiarity** with the principles of data management and data analysis.

### 4. **Economics**

**Foundational knowledge** of macro- and microeconomic principles.

### 5. **Risk Classification**

**Foundational knowledge** of risk classification principles and considerations.

### 6. **Investments and Portfolio Management**

**Basic familiarity** with the principles of investments and portfolio management.

### 7. **Reserving for Contingent Liabilities**

**Foundational knowledge** of the principles of reserving for contingent liabilities, and the types of liabilities and reserve models relevant to the applicant's specific area of practice.



## 8. Benefit/Product Design

**Basic familiarity** with the range of benefit programs and products within the applicant's specific area of practice. This includes the risks being insured, the design features in the market, and the approaches taken to ensure that products meet policyholder needs while remaining financially viable. Must include a **foundational knowledge** of the actuary's role in product design within the specific area of practice.

## 9. Premium Development/Ratemaking

**Basic familiarity** with the principles of pricing/ratemaking of an insurance product. For specific areas of practice that include pricing/ratemaking of premium-based insurance products, must include a **foundational knowledge** of the data sources and models used.

## 10. Risk Management

**Basic familiarity** with the principles of risk management. **Basic familiarity** with the primary enterprise risks relevant to the applicant's specific area of practice, techniques used to manage those risks, and the actuary's role in the risk management process. **Foundational knowledge** of the actuary's role in the risk management process and of risk management techniques used within their specific area of practice.

# U.S.-Specific Topics

## 11. U.S. Financial Systems and Social Insurance Programs

**Basic familiarity** with U.S. financial systems, such as the banking system and Federal Reserve. Must also include a **foundational knowledge** of the specific financial systems relevant to the applicant's specific area of practice, including any social insurance systems within the specific area of practice (e.g., Medicare, PBGC, Social Security).

## 12. U.S. Accounting and Financial Reporting

**Basic familiarity** with U.S. accounting principles and a **foundational knowledge** of the specific accounting and financial reporting rules (e.g., GAAP, Tax, and Statutory) affecting actuarial work within the applicant's specific area of practice.



### 13. U.S. Laws and Regulations

- a. General—**Basic familiarity** with relevant U.S. laws and regulations (e.g., contracts and corporations, taxation, tort law, and insurance law). Must also include a **foundational knowledge** of the current federal and state laws and regulations governing actuarial practice in the applicant’s specific area of practice (e.g., ERISA, Affordable Care Act, Age Discrimination in Employment Act, state insurance regulations, NAIC model laws, etc.). In addition, must include a **basic familiarity** with how laws are enacted at both the federal and state levels and, if applicable to the area of practice, the function of the NAIC and its interaction with state insurance departments.
- b. Data Management and Security—**Basic familiarity** with U.S. laws and regulations relating to data management and security.
- c. Risk Classification—For those specific areas of practice where risk classification is allowed, **basic familiarity** with laws and regulations related to risk classification within the specific area of practice.
- d. Premium Development—For specific areas of practice that include pricing of premium-based insurance products, **foundational knowledge** of the relevant laws and regulations governing premium development within the specific area of practice.

## Professionalism Topics

### 14. Ethics and Professionalism

**Foundational knowledge** of the principles of actuarial professionalism, including the actuary’s responsibilities to the public and the actuarial profession. Must also include a **foundational knowledge** of the professionalism infrastructure for the U.S. profession, including the Code of Conduct, U.S. Qualification Standards, disciplinary process, and which actuarial standards of practice are applicable to the applicant’s specific area of practice.

Please share any comments or questions you have as the Academy continues to evaluate this Framework as the profession evolves with the changing environment.

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