

Response from Council of the Society of Actuaries in Ireland to Institute and Faculty of Actuaries consultation on “Qualification Framework”

1. The Council of the Society of Actuaries in Ireland (“Society”) welcomes the opportunity to provide input to the Institute and Faculty of Actuaries (IFoA) consultation on “Qualification Framework”. The Society has more than 1,800 members, the vast majority of whom are also members of the IFoA. The Council therefore has a keen interest in the proposals.
2. The comments below reflect the Council’s views. It should be noted, however, that, on the question of (in effect) re-branding “Associate” as “Chartered Actuary”, there is some diversity of views among the Society’s members.
3. We are broadly supportive of the proposal to introduce a “Chartered Actuary” (“CAct”) designation, based on the current Associateship. We believe that it will:
 - help to attract a broader range of graduates to the profession;
 - provide more flexibility and options to employers who need a mix of staff with different levels of actuarial skill for different roles;
 - help Chartered Actuaries to compete effectively for non-specialist roles alongside other professionals, in traditional and new employment sectors; and
 - help retain within the profession some very capable practitioners who do not succeed in qualifying as Fellows or choose not to do so.

There is a risk that, with a broader range of graduates being attracted to the profession, some of these will be graduates who would not have the ability to qualify as Fellows, and there may therefore be some reduction in skills at the aggregate level. However, if there is market demand for people at CAct level (as seems to be the case), then there are benefits to the profession in meeting that demand effectively, including by more visible positioning of people who have those skills.

4. However, we have some concerns.
 - (a) The consultation documents position Fellowship as somewhat niche, even within traditional areas of practice:

- Students are told (in the “Student FAQs”) that they can continue to Fellowship *“if you wish to and it is necessary for your role”*, but that it will not matter if they do not.
- Associates are told that *“Depending on the requirements of your role and your own career development, the option to gain the Fellowship qualification is there for you and your employer to discuss”*.
- Fellows are told that *“Certain roles”* will always require the specialist knowledge of Fellows.
- Employers are told that *“The specialism that is associated with Fellowship may be a desired competency that your business requires, especially if there is a requirement in legislation to hold a Practising Certificate”* and that the IFoA *“must develop actuaries with a broad generalist skill-set who can adapt to a wide range of corporate roles, as well as actuaries who have a deeply specialist skill-set to fulfil highly regulated roles”*.
- There are some positive statements, e.g. (from the “Fellow FAQs”) *“Working as a Fellow within the market will showcase your knowledge and experience and will retain the reputation of having achieved a ‘gold standard’ qualification”*. However, in the consultation document itself, there is a comment that Fellowship would be retained as the recognised ‘gold standard’ *“for specialist actuaries”*.

We are concerned that the IFoA is either deliberately or inadvertently positioning Fellowship as the exception rather than the norm, even in established areas such as pensions and insurance. Appropriate recognition is not given to the fact that the knowledge and skills that Fellows acquire are very valuable in many roles, not just regulated roles or roles involving technical actuarial work. Also, the references to “specialist” skills, combined with the references to regulated roles, suggest that these skills, though deep, cover a narrow area; we suggest that a better term would be “advanced” skills.

It would be very helpful if the IFoA would communicate its intentions regarding promotion of Fellowship in the new environment, both in terms of (i)the value in becoming a Fellow, and (ii)the differences between a Chartered Actuary and a Fellow. We believe that this is important as:

- care must be taken to protect the profession’s strong reputation for expertise; and
- there is considerable confusion among members as to how ‘Chartered’ and ‘Fellow’ will be compared, and concerns as to whether there will be a clear understanding among users of actuarial services as to how the two compare.

- (b) The consultation document says that CAct will include a “*requirement for one year’s supervised work-based Personal and Professional Development*”.

We have a concern that people with only one year’s work experience are unlikely to have the breadth and depth of experience that the employment market, regulators etc usually associate with a “Chartered” designation. Many graduates of actuarial degree programmes could attain the designation very quickly – but will they have the problem-solving skills, the experience of applying theoretical knowledge to practical situations and the real-world exposure to professionalism issues that employers will expect of “Chartered” actuaries? With such light experience requirements, there is a risk that Chartered Actuaries will not perform at the level of competence that employers and users of actuarial services expect and that this will damage the reputation of the profession.

That said: the consultation document goes on to say that “*this PPD requirement would be identical to that currently required for IFoA Associateship*”. In fact, the Associateship requirement is to accumulate a specific number of PPD credits (10 in total, with a minimum of 3 per year), while completing a minimum of 12 months work experience; additionally, the candidate must record at least two hours of formal development activities (meeting specified criteria) each year.

If the PPD requirement for Chartered Actuary will be the full PPD requirement that currently applies for Associateship (rather than simply one year’s PPD), that reduces our level of concern, though we have a residual concern that the quality of the Chartered Actuary designation (or, if CAct does not go ahead, the quality of the Associateship designation) will be heavily dependent on ensuring consistency of standards across employers in their assessment of candidates’ competencies for the purposes of the PPD requirements. We note from the PPD Guide that candidates “may be selected for a PPD audit” periodically – which seems to imply that some candidates’ PPD records will not be audited.

Incidentally, is the PPD requirement genuinely “additional” to the new IAA syllabus (“*The curriculum for CAct would be aligned to the new International Actuarial Association (IAA) syllabus . . . with the additional requirement for . . . PPD . . .*”)? The PPD scheme requires Students to demonstrate competencies in relation to Effective Communications, Problem Solving & Decision Making, and Professionalism. The IAA Syllabus includes Effective Communications and Problem Solving & Decision Making as part of the Personal and Actuarial Professional Practice requirements, and is not prescriptive in terms of how learning is completed.

- (c) It is proposed that “*any new Student member would be required to complete the CAct qualification before taking any further examinations towards Fellowship*”. We do not support this proposal.

- Suppose that a Student struggles to complete one of the CAct subjects. The Student might be well advised to take a break from the subject and try it again, with more experience and a fresh perspective, at a later date. In the meantime, it might be very likely that the candidate could successfully complete some of the Fellowship subjects – but (s)he will be precluded from doing so. We believe that this is unnecessary and, indeed, counter-productive.
 - Also, to attain CAct, a Student will have to complete specified subjects and meet PPD requirements. Suppose that a Student (having achieved many exemptions through an actuarial degree, for example) completes the required subjects quickly and needs more time after that to complete the PPD requirements. Will (s)he be precluded from taking Fellowship exams during this period? If so, then, again, this seems unnecessary and counter-productive. It could be argued that the Student will need the work experience gained while completing the PPD requirements to be successful in the Fellowship exams. However, that is not necessarily the case and should not be pre-supposed.
- (d) How will the Chartered Actuary designation be marketed? Where will it be positioned, in terms of the responsibilities that employers and regulatory bodies can reasonably expect Chartered Actuaries to discharge? For example, Chartered Accountants sign off on accounts – but it seems to us that it would be unreasonable to suggest that a Chartered Actuary can sign off on an insurer’s technical provisions. On the question posed in the consultation as to whether the CAct designation will undermine Fellowship, that might depend partly on how it is marketed/positioned.
- (e) There are several comments in the consultation documents about reduced time to qualification – e.g. *“We are not making it easier to qualify: the proposal will help to reduce the time it takes to qualify with core generalist actuarial skills, but we are not reducing the rigour of our examinations”* (Fellow FAQs). The suggestion of reduced time to qualification seems to us to be misleading to Students, as we do not see anything in the proposal that will reduce the time it takes to complete the requirements for Associateship / Chartered Actuary. Perhaps what is meant is that Students will not have to wait until they attain Fellowship before achieving a qualification – though if so, this seems to be inconsistent with the fact that Students can currently apply for Associateship as soon as they meet the requirements.
- (f) The consultation documents say that:
- “. . . the re-positioned Associateship (with the badge of Chartered Actuary) will retain all the features of a high quality, globally recognised qualification that the external world associates with the IFoA”* (Associate FAQs);
- CAct “will meet the core International Actuarial Association standard for qualified actuaries. As such, it will be recognised around the world”* (Other Associations FAQs);

“The current proposals to establish a CAct credential will result in no substantive change to existing MRAs” (Additional FAQs).

We believe that these statements are misleading, for the following reasons:

- The *“high quality . . . qualification that the external world associates with the IFoA”* is Fellowship – given that Associateship does not have strong brand value or wide recognition. We have commented above on the need to protect the Fellowship brand.
 - The IFoA is a party to the MRA between member associations of the Actuarial Association of Europe (AAE). The MRA is underpinned by associations’ compliance with the AAE Education Syllabus. That Syllabus requires candidates to *“study at least one of the applications areas¹ in greater depth to gain the full qualification for their association. In this stage student actuaries should demonstrate the ability to develop higher order skills of analysis, synthesis and judgement”*. As Chartered Actuaries will not have met this requirement, it is not necessarily the case that Chartered Actuaries who wish to work in other European countries will be eligible to become full members of the actuarial associations of those countries under the terms of the MRA. Of course, the consequences of Brexit remain to be seen, as do the consequences of an ongoing review of the AAE Education Syllabus and the MRA.
5. We would be happy to discuss our thoughts on the proposed Qualification Framework with representatives of the IFoA. If that would be helpful, please contact Yvonne Lynch, the Society’s Director of Professional Affairs, to make arrangements (Yvonne.Lynch@actuaries.ie).

Submitted on 28th February 2018

¹ E.g. Life, Pensions, General insurance, ERM, Investments, Health care, Banking, Social security, Reinsurance