

Frequently Asked Questions About the Revised Qualification Standards

When do the revised Qualification Standards go into effect?

They're effective Jan. 1, 2008.

To whom do the revised Qualification Standards apply?

The revised Qualification Standards will apply to all actuaries who are members of one of the U.S.-based actuarial organizations and who issue Statements of Actuarial Opinion (SAOs) in the United States. They also apply to members of any actuarial organization that is not U.S.-based but requires its members to meet the Qualification Standards when practicing in the United States.

The U.S.-based organizations are the Academy, the American Society of Pension Professionals and Actuaries (ASPPA), the Casualty Actuarial Society (CAS), the Conference of Consulting Actuaries (CCA), and the Society of Actuaries (SOA).

Under the revised Qualification Standards, what constitutes a Statement of Actuarial Opinion?

For purposes of the Qualification Standards, an SAO is an opinion expressed by an actuary in the course of performing actuarial services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed.

"Actuarial services" are defined in the Code of Professional Conduct as "Professional services provided to a Principal (client or employer) by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations." (<http://www.actuary.org/code.asp>)

An appendix to the Qualification Standards describes SAOs and lists examples of commonly issued opinions and work products that are—or are not—SAOs.

Why did the Academy decide to revise the Qualification Standards? What was the rationale?

The amendments reflect broad consensus that more rigor and broader applicability would be needed to keep pace with actuarial responsibilities in a complex, fast-changing, and increasingly global financial marketplace. Updating the standards has been a long, thorough process. The Academy's Committee on Qualifications began soliciting input from the



profession in 2002 on whether the scope of the Qualification Standards should be expanded to include all Statements of Actuarial Opinion, not just statutory and regulatory work. A discussion draft and two exposure drafts were issued. The second exposure draft included significantly expanded continuing education (CE) requirements. Over 200 comments were received on the second exposure draft.

Have the examinations required to satisfy the basic education requirement of the general qualification standard been changed?

The revised Qualification Standards no longer require an actuary to meet certain examinations, but rather to obtain membership in an actuarial organization and to meet certain other criteria, as described below:

- 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.

There are additional experience requirements for actuaries who issue statements of actuarial opinion in an area covered by a specialty track offered by the SOA or in an area of practice covered by the exams of the CAS or ASPPA. (For more information on the specific Qualification Standards, read on.)

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How much CE is required?

Actuaries who want to sign SAOs are required to have obtained at least 30 relevant CE credits in the previous calendar year.

This requirement is being phased in, however. For the year 2008, the requirement has been shortened to 24 credits for actuaries who will be signing SAOs in 2009. Commencing in 2009, however, actuaries who want to sign SAOs must obtain 30 CE credits each calendar year to be qualified to issue SAOs.

How are CE credits calculated?

For both organized activities and other activities, 50 minutes of participation equals one CE credit. (This is sometimes called a “CE hour.”)

Is there any flexibility in the calendar-year CE requirement?

Yes. The 30-credit requirement will usually be met in the calendar year before the year the SAO is issued. However, if an actuary who wants to sign an SAO has fewer than 30 credits of relevant CE from the preceding year, he or she can make up the shortfall. Those credits must be earned before the SAO is issued, and they will not count toward the CE requirement for the current year.

There is also a one-year roll-forward provision. If an actuary earns more than 30 relevant CE credits in any given year, the excess can be carried over to the next year.

How much of the CE is required to be an organized activity?

Only six CE credits per year must be from “organized activities” that involve interaction with actuaries or other professionals working for different organizations. The remainder of the CE may be from “other activities.”

Detailed examples of “organized activities” and “other activities” are included in the Qualification Standards. For instance, “organized activities” can 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 SAO.” In-house meetings with outside speakers would be an organized activity.

“Other activities” can include reading actuarial literature, writing professional articles (including researched articles for *Contingencies*), attending relevant in-house meetings, listening to tapes of actuarial meetings and relevant in-house meetings, study for actuarial exams, drafting actuarial exam questions, or preparing to speak at or lead a discussion at a CE activity.

Does the CE requirement include any mandatory content?

Actuaries are required to complete and document at least 30 credits of relevant CE each calendar year. That must include at least three credits on professionalism topics and no more than three credits on business skills and consulting.

The Qualification Standards include a description of what is considered “relevant continuing education.” They also state that ultimately, it’s an actuary’s responsibility to make a reasonable, good-faith determination of what CE opportunities will enhance his or her ability to practice in a desired field.

Do the Qualification Standards affect all types of actuaries in the same way?

No. There is an exemption for enrolled actuaries who issue SAOs related to retirement plans to which ERISA applies. This broad exemption is temporary. Beginning in 2011 (after the next three-year Joint Board cycle), the exemption is limited to the Form 5500 Schedule B certification and other ERISA forms. Enrolled actuaries who issue SAOs other than those exempted must satisfy the CE requirements of the Qualification Standards.

To whom do the specific Qualification Standards apply?

The general qualification standard applies

to actuaries who issue any type of SAO. For actuaries who issue one of three SAOs—Statements of Actuarial Opinion for the NAIC Health, Property and Casualty, or Life and A&H Annual Statement—the specific Qualification Standards must also be met.

Do the specific Qualification Standards require 15 CE credits a year in addition to the 30 credits required by the general qualification standard?

No. The 15 CE credits required by the revised specific Qualification Standards may be applied to the 30-credit annual CE requirement in the general qualification standard. In other words, actuaries are not required to obtain 45 CE credits annually to satisfy the revised Qualification Standards.

Also, the six CE credits that must be “obtained through experience that involves interaction with outside actuaries or other professionals” under the specific Qualification Standards may also satisfy the six “organized activity” requirements under the general qualification standard.

How does an entity become an “approved provider” under the revised Qualification Standards?

Under the revised Qualification Standards, there is no longer a process for becoming an “approved provider.”

It’s now up to the individual actuary to determine if attendance and participation at any particular event constitute an “organized activity.”

I have a question about the revised Qualification Standards that isn’t addressed here. Where can I get an answer?

If you have a question about the Qualification Standards, please contact the Academy at qualstandards@actuary.org. Some questions take more time than others to answer and depend upon the availability of volunteers. We will try to answer all questions within two weeks of their submission. ●