

CONTINUAL PROFESSIONAL DEVELOPMENT (CPD) GUIDELINES OF THE ACTUARIAL ASSOCIATION OF EUROPE (AAE)

1. AIMS OF CPD

Education and Professional Standards (Code of Professional Conduct and Standards of Practice) are the pillars for recognition of actuaries as competent professionals in the areas in which they practice.

In particular, current AAE Code of Professional Conduct (effective from 1st of January 2021) states that “An *actuary* must perform *professional services* competently and with care” (principle B).

Specifically, education can be divided into two parts: the first one corresponds to the basic education as laid out in the core syllabus to become qualified; the second one corresponds to the subsequent further development to maintain and further develop skills and knowledge at an appropriate level.

After achieving full qualification as required by a Member Association (MA) of the AAE, an actuary has gone through the education program that satisfies the Core Syllabus of the AAE and is typically at the start of their career; but further maintenance and development of that qualification requires continuing learning because the skills and knowledge required by actuaries are likely to change over time, as well as being impacted by changes to a specific actuary’s job/role. In the current rapidly changing environment, it is the personal responsibility of actuaries to ensure that they remain competent in their area of work through CPD, which is a clear requirement of the Code of Professional Conduct.

Furthermore, the expansion of the profession into new areas of practice means that actuaries choosing that expansion route need to develop further their (technical) knowledge, personal and professional skills, and competencies in wider fields.

Additionally, CPD should ensure that the reputation and recognition of the profession is well supported and protected, as actuaries play important roles in the insurance sector, in pensions, in social security, in risk management and in the wider fields. To fulfil these roles in the public interest, it is key that actuaries should be seen as competent in the areas in which they practice. CPD is one important way to help actuaries to remain competent and prevent professional conduct failures that could be a risk for the recognition of the actuary and the profession.

In summary, the aims of CPD are:

- to contribute towards demonstrating that actuaries are “fit & proper” over time in the areas in which they practice to provide relevant and high quality actuarial services and advice.
- to support actuaries to take on new roles and to move to different areas of practice, including new ones arising from expansion of the profession.

- to ensure that actuaries' competences are up to date and relevant for their roles.

2. PRINCIPLES OF CPD

As a consequence of the aims identified in the previous section, the following principles are derived as long term goals for CPD Schemes to be applied by the Full Member Associations (FMAs) of the AAE:

1. The CPD scheme should help demonstrate that actuaries stay fit & proper and, therefore, help them have lifelong employability: Fully Qualified Actuaries need to professionally develop themselves to stay fit & proper at all times, especially in their practice area.
2. CPD must be appropriately documented in order to be able to demonstrate to others the content and extent of CPD carried out. Evidence should be given to ensure that the system in place is credible, although the requirement should be efficient with regards to the costs and benefits of obtaining it. The documentation should also seek to aid actuaries who may need to demonstrate their CPD to another (MA) or to a supervisor or any user of actuarial services upon request.
3. The CPD needs to be assessed in an appropriate way. Two main aspects need to be considered: content and format. Individual actuaries are responsible for the content of their own CPD program or plan, however an MA should encourage its actuaries to actively discuss their CPD with peers (employer; manager; senior actuary; mentor; association staff member). MAs will need to be able to check evidence of CPD (documentation) when it is required, and also to make regular checks that the CPD requirements have been followed (at least on random basis) in order to ensure that the system in place is being adhered to. An Association's responsibility regarding members' CPD ends with that check.
4. The CPD requirement needs to be flexible in a range of features (i.e. coverage period, acknowledgement of self-learning or limitation for soft skills CPD activities) as well as proportional in terms of every jurisdiction, so the requirement does not introduce disproportionate disruption for the actuaries complying with the CPD requirement and also for the MA in implementing the CPD system.

3. REQUIREMENTS AND GOOD PRACTICES FOR A CPD SCHEME FOR FULL MEMBER ASSOCIATIONS OF THE AAE

A CPD scheme to be applied by the FMAs of the AAE has the following components:

- i. **Applicability:** It is mandatory for all Members (i.e. Qualifying Actuaries) under the Mutual Recognition Agreement (“Members”). It makes clear the circumstances in which non-compliance is permitted as an exception (e.g. retired Members of an FMA may be exempt from fulfilling CPD requirements).
- ii. **Content:** Members are encouraged to consider their specific development requirements in their respective area of work and select CPD activities accordingly.
- iii. **Documentation:** it recommends that Members document their CPD activities. Good practice for documentation could include the following:
 - a. Analysis of key competences that the member perceives requiring further development;
 - b. The plan for CPD activities;
 - c. Record of specific CPD activities carried out;
 - d. Record of time spent on CPD activities;
 - e. Analysis of the extent to which key competences have been developed.
- iv. **Assessment:** Members are required to **either**:
 - a. Self-Assess the outcomes from the CPD activities in the context of the development plan and preferably have their CPD activities and the outcomes reviewed by a third party; **or**
 - b. Complete a specified minimum number of hours of CPD activity (at least 45 hours over a three year period or the equivalent number of training credits).
- v. **Monitoring:** It includes a process to be able to monitor and document Members’ adherence to the CPD scheme.

4. APPLICABILITY AND AAE REVIEWS

Section 3 of these CPD guidelines (cf. section 3) shall be applied and enforced by all FMAs of the AAE starting on the 01.01.2024.

The AAE will review FMAs CPD schemes every 3 years and will make further recommendations on how these guidelines can be developed, in order to ensure that the aims (as stated in section 1) are achieved across AAE's FMAs.

AAE

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