



The Actuarial Profession
making financial sense of the future

**Continuing professional development
scheme**
2010/2011

Analysis of consultation responses

June 2010

Introduction

The Profession recently engaged with members and stakeholders in a consultation on proposed reforms to the Profession's continuing professional development scheme (the CPD Scheme).

The consultation period ended on 10 May with a total of 159 responses having been received. Responses were received from a large variety of sources, ranging from submissions from individual members of the Profession, through individuals appointed by firms or interested bodies to respond on that firm or body's behalf, to special interest groups. A list of the respondents to the consultation, excluding the names of those who asked to remain anonymous, is included at Appendix A to this paper. The Profession is grateful for all the contributions it received.

This paper summarises the views and opinions expressed by respondents to the consultation and details the amendments made by the Professional Regulation Executive Committee of the Profession (PREC) to the Scheme as a result of the feedback received.

Redefinition of Category 2

Respondents were asked whether they agreed with the new definition of Category 2.

Respondents to the consultation in general agreed with the reclassification of Category 2.

However, one common theme emerging from the responses was the impact of the reclassification upon members who undertake part time work, for example marking exam papers. A number of respondents considered that the reclassification places unfair requirements on actuaries who, although performing more than the de minimus 20 hours per annum, undertake a relatively small number of hours of work each year and who, under the proposals, will now be required to meet the Category 2 CPD requirements.

The impact of the reclassification of Category 2 upon those in part time work was considered by PREC both in advance of and following the consultation process. The Committee decided that it is not in the public interest, nor in the interests of upholding the reputation and standards of the Profession, to impose lesser requirements on those working part time. Therefore no further exemption is proposed for actuaries in part-time roles. The Committee believes, however, that the flexible way in which the requirements are framed means that actuaries in part-time work should not face an unduly onerous burden in complying with them.

Private reading

The introduction of private reading was one of the main proposals consulted upon. In total, four questions on private reading were posed within the consultation paper:

- a) Question 2: Should we include 5 hours of private reading within the minimum 15 hours requirement?
- b) Question 3: Do you agree that, as an alternative to the CPD requirements detailed in the attached Scheme, members should have an option of complying with the Scheme by completing 30 hours private reading?
- c) Question 4: Do you agree with the suggestion of offering a scale with a balance between private reading and attendance at events?
- d) Question 5: If you agree with the proposal in Question 4, do you consider that there should be a limit of say, 20 hours, which can be claimed by private reading?

Taking each in turn:

Question 2: Should we include 5 hours of private reading within the minimum 15 hours requirement?

The majority of respondents to the consultation supported the proposal to allow members to complete five hours of private reading as part of the 15 hour CPD requirement.

Many respondents considered that private reading can often be more valuable than attendance at events given that the subject topics can be more specific to the member's area of practice.

Some respondents suggested that this option should only be available to members based overseas, who find it difficult to attend events.

One of the recurring themes raised by respondents in relation to the private reading proposal was the issue of verification. A number of respondents considered that private reading does not lend itself to verification and suggested that a CPD scheme which allows private reading would be open to abuse.

Question 3: Do you agree that, as an alternative to the CPD requirements detailed in the attached Scheme, members should have an option of complying with the Scheme by completing 30 hours private reading?

By a ratio of approximately 2:1, respondents to the consultation were in favour of allowing members to meet their CPD requirement by way of completing 30 hours of private study.

A number of respondents objected to the weighting of private reading against attendance at events on the basis that this may suggest that private study is less valuable than time spent in attendance at events. Many respondents were of the view that private reading is just as useful, if not more so, than attendance at events.

An alternative view expressed by some respondents was that there is an inherent value in attending events and participating and being exposed to exchanges of ideas and views. Subscribers to that view considered that the CPD Scheme ought to provide for a split between attendance at events and private reading.

Question 4: Do you agree with the suggestion of offering a scale with a balance between private reading and attendance at events?

The vast majority of respondents supported the introduction of a scale offering a balance between private reading and attendance at events.

Of those who supported the scale, there was a divide between respondents who considered that, in general, a scale offering a balance between attendance and private reading was appropriate and those who considered that the scale set out within the consultation paper was, itself, an appropriate scale.

Many of the respondents again voiced concern that a scale which allowed members to fulfil their entire CPD requirements by way of private reading was flawed, given the benefits of interacting with peers which attendance at events offers.

Question 5: If you agree with the proposal in Question 4, do you consider that there should be a limit of say, 20 hours, which can be claimed by private reading?

Respondents to this question were, broadly speaking, evenly split on the introduction of a limit to the number of hours to be claimed by private reading.

A view commonly expressed was that, given the fact that the Profession's own teaching framework relies heavily on the private study of its students, it was perverse to place a limit on the number of hours to be claimed by qualified actuaries for the purposes of meeting CPD requirements.

The counter to that view expressed by other respondents was, again, that there is a value to be placed on the attendance at events and the interaction this allows with other members of the profession.

Having considered the view expressed by respondents to questions 2, 3, 4 and 5, PREC have taken the decision to allow members to fulfil their CPD requirements by either:

- 1) 15 hours of attendance at events; or
- 2) A mix of attendance and private reading per the scale set out below.

Taking the views of respondents that interaction with colleagues is an essential component of CPD, each member is required to complete a minimum of 5 hours attendance at events with the options as follows:

Hours of events	Hours of Private study	Total number of hours to be completed
15	0	15
14	1	15
13	2	15
12	3	15
11	4	15
10	5	15
9	7	16
8	9	17
7	11	18
6	13	19
5	15	20

In response to the concerns expressed by some respondents as to verification of a private reading scheme, PREC consider that the risk of abuse by members is mitigated by the requirement that learning outcomes are to be recorded for each piece of private reading completed.

Pro-rata arrangements for actuaries working for part of the year

Respondents were asked for their views on the pro-rata arrangements for Category 2 actuaries who, for any number of reasons, only work for part of a CPD year.

The vast majority of respondents to the consultation supported the proposals to allow actuaries who were absent from their roles for a lengthy period in any CPD year to complete a lesser number of hours of CPD.

A number of those in favour of the pro-rata arrangements commented, however, that the requirement that the actuary is absent from their role for at least eight months before pro rata arrangements apply was too stringent and many suggested a lesser threshold, ranging from between three to six months.

Another concern voiced by some respondents in the course of the consultation was that the proposals penalise those who are absent from their roles during a particular time of the year, for example those who take maternity leave over two CPD years. In that instance, an actuary might find that although she was on leave for the requisite eight months, four of those months were in one CPD year and the remaining four in another, and therefore she would not be eligible for the exemption offered. In those circumstances, the actuary in Category 2 would be required (under the proposals on which PREC consulted) to complete the full CPD requirement.

Taking on board the responses received, PREC have reduced the relevant absence period from eight months to six months absence in any one CPD year. The requirement that the absence must be contained within one CPD year remains.

The new CPD Scheme comes into force from 1 July 2010. A copy of the new scheme can be found on the Profession's website at www.actuaries.org.uk.

Appendix A – List of respondents to the consultation

Marc Abrahams	Heather Cowling	Belinda Hue
Sohail Alibhai	Rowena Darby	Hymans Robertson LLP
Jason Allan	Richard Day	Chris Ide
Ron Amy	Frank Devlin	Stuart Jarvis
David Apps	Disciplinary Board	Tony Jeffery
Association of Consulting Actuaries	Edward Drake	Graham Johnston
AXA Insurance	Simon Dudley	Alistair Jones
AXA Life (views of individuals within AXA Life reported by AXA Life CPD coordinator)	Julian Ellacott	Alan Kaye
Kenneth Ayers	John Ferguson	Stephen Kelly
Dominic Badham	Finance and Investment Practice Executive Committee	Gordon Sharp on behalf of KPMG
Stuart Barker	Ken Forman	Scott Latham
Chris Barnard	Gerald Forrester	Legal & General CPD Committee
Steve Barrowman	GI ECPD	Julian Leigh
Andrew Birkett	Hamish Gillon	Chris Lewin
Marcus Bishop	Paul Grace	Life CPD and Practice Executive Committees
Kevin Bogue	David Graham	John Lim
Philip Booth	Mike Granville	Suzi Lowther
Debbie Bown	Stephen Hardwick	Catherine MacKenzie
Duncan Brydon	David Hargrave	Tim Mardon
Ollie Byrne	Rhoda Harrington	Peter McDade
David Carlisle	Carl Haughton	Neil Meldrum
Simon Carne	Health and Care Practice Executive Committee	Steve Melvin
Moira Casey	Hewitt	Mercer
Andrew Chamberlain	Neil Hilary	Helen Meredith
Alistair Chapman	Kate Hill	Andy Milton
Coralie Clark	Mel Hodges	Grant Mitchell
Jody Clark	Brandon Horwitz	Barbara Morrison

Peter Moser	Gordon Rigg	Alan Stockbridge
Richard Muckart	Jon Rolfe	Jeremy Straker
Brian Newbould	Clifford Rowe	Julian Tai
Feargal O'Donnchu	Chris Russell	Ian Thomas
Rachel Peaker	Heather Ryde	Peter Tompkins
Tony Pearse	Carole Ryden	Edwin Topper
Jillian Pegrum	Mark Sander	Towers Watson
Anna Penney	Charles Sanderson	Douglas Townley
Pensions Practice Executive Committee	Peter Scolley	Mark Turner
Nick Perris	Hamish Scott	Helene Turpin
Mike Poulding	Jen Chien See	Peter Turvey
Isobel Prowen	David Shaffer	Derry Venables
Vanisha Pursun	James Sharpe	Donna Walsh
Anurag Ralhan	Carole Sheldon	Duncan Walsh
Brian Rea	Heather Simons	Geoff Watts
Andrew Rear	Malcolm Slee	Victoria Webb
Nick Rendle	Bill Smith	Penny Webster
Diw Reynolds	John Smith	Joseph Winer
Lindsay Richards	Tony Spiers	Chris Winters
Carrie Ricketts	Jaap Spreeuw	Xafinity Consulting
Joanne Rigby	Francis Stenlake	
	Ian Stirrups	