

Institute of Actuaries of India

Actuarial Practice Standard 9 (APS9): Continuing Professional Development (CPD) and the Actuary

Classification: Practice Standard

Legislation or Authority: Section 19 (2) (i) of the Actuaries Act 2006

Author: The Council of the Institute of Actuaries of India.

Compliance: Members are reminded that they must always comply with the Professional Conduct Standards (PCS) and that Practice Standard imposes additional requirements under specific circumstances.

Application

This Actuarial Practice Standard (APS) is applicable to all fellow members of Institute of Actuaries of India (The Institute) as under:

1. Holders of Certificate of Practice issued by the Institute
2. Fellow members of the Institute who carry out actuarial functions (as referred in Annexure 1)
3. Other Fellow members of the Institute.

Status (Version 2.00)

Approved by Council in its meeting held on 28 03 2015

This supersedes the current APS 9 (Version: 1.0 effective from 01 01 2012).

This APS 9 comes into effect immediately though the monitoring would happen from end of the current financial year.

1. Legal Framework

This Actuarial Practice Standard is issued by the Council of the Institute of Actuaries of India in exercise of the powers vested under section 19 (2) (i) of the Actuaries Act 2006.

2. Objective

A member on compliance with this APS will have a high degree of confidence in the application of actuarial principles and practices while meeting his/her obligations for the cause of public interest under Professional Conduct Standards.

3. Fields of actuarial work

Actuaries are employed to do regulatory roles, render services as independent individual consultants or are employed in a company or a firm. The following are the fields of work, wherein, currently majorities

of the actuaries work:

- i. Life Insurance business
- ii. General Insurance business
- iii. Reinsurance business
- iv. Employee/Retirement Benefit Market
- v. Insurance Regulators
- vi. Governments
- vii. Actuarial Education
- viii. Insurance broking business

The list is not exclusive. There are other areas where actuaries may work like investment consultancies, banks, other financial service providers, enterprise risk management, other consulting areas like ESOPs etc.

4. CPD requirements

- 4.1 The requirement of CPD credits has been prescribed for all the Fellow members of the Institute
- 4.2 The CPD year(s) for all Fellow members of the Institute shall be a period of 1 year (1st April- 31st March).
- 4.3 All COPs will be renewed on 1st April every year and eligibility with respect to CPD activities will be based on the past CPD year/s immediately prior to the CPD year to which the COP applies. A member can apply for a new COP any time during the year and eligibility with respect to CPD activities will be based on preceding CPD year/s.
- 4.4 A minimum of 18 hours of verifiable CPD per year shall be required for all non-COP fellow members of the Institute. A higher requirement of 24 hours of verifiable CPD per year shall be the requirement for COP holders.
- 4.5 For 'non- COP' holders, out of the 18 hours above, a minimum of 8 hours per year must be technical CPD hours while the requirement for 'COP' holders would be a minimum of 12 hours of technical CPD hours per year out of the 24 hours above.
- 4.6 The Council shall designate a program or event as 'technical' or 'professional'. Based on the current programs, India Fellowship Seminar and a part of GCA shall qualify as 'professional' programs. On case by case basis, the Council might also allow courses prescribed by other actuarial bodies as programs qualified as professional CPD hours.
- 4.7 For all fellow members, a minimum of 6 hours should be related to CPD attained from programs/events designated as 'professional' programs.
- 4.8 Out of the technical CPD hours mentioned in point 4.5 above, at least 6 hours should be fulfilled by attending an event which should be external to the member's organization and also should have to be designated by the Council as an event eligible for credit towards CPD hours. But the condition of employment will not be applicable for a member working with IAI or any other organization whose event is designated by the Council as an event eligible for credit towards CPD hours. Based on the current events, events related to '**Current Issues in Life Insurance/General Insurance etc**', '**Capacity Building Seminars**','**Specialized Workshops**' and '**Specialized Seminars**' are eligible to be designated by the Council as 'technical events'.
- 4.9 CoP holders can claim credit upto maximum of 12 hours in a year for one Certificate of Practice

Actuarial Practice Standard (APS) 9

(and maximum 3 hours for an additional CoP) and also non CoP holders can claim credit upto maximum of 12 hours in a year for service to the profession (including setting of exam papers and marking of papers or seminars related to examiners/markers). The Council might designate any other program or contribution as ‘service to the profession’ and allow CPD credit for it. Suppose, the Council designates a program eligible for ‘professional’ CPD credit under ‘service to the profession’, in that case, a member can claim credited CPD hours of that program under ‘professional CPD hours’ and if the Council designates a program eligible for ‘technical’ CPD credit for a particular practice under ‘service to the profession’, in that case, a member can claim credited CPD hours of that program under ‘technical CPD hours’ for his/her practice specific COP.

4.10 A tabular representation of the minimum CPD requirements per CPD Year is as below:

	Minimum CPD hours	Out of (A), Minimum Technical CPD hours	Out of (A), Minimum Professional CPD hours	Out of (B), Minimum CPD hours from Council notified events (as per section 4.8 above)	Out of (C), Minimum CPD hours from Council notified programs
	(A)	(B)	(C)	(D)	(E)
Holders of COP	24	12	6	6	6
Non-COP holders working in the actuarial functions	18	8	6	6	6

Note – Council above means the Council of the Institute of Actuaries of India as referred to in section 12 of the Actuaries Act 2006. The Council will, from time to time, notify programs that qualify for credit under columns (D) and (E) in the above table.

“Technical CPD hours” means the time spent on acquiring knowledge that enhances actuarial skills. For the purpose of Technical CPD, a member shall have option to acquire CPD credits from any programme recognized by IAI as Technical Programme.

“Professional CPD hours” means the time spent on acquiring knowledge that is directly relevant to enhancing the professional behavior expected from a member.

The individual actuary shall choose the CPD program activity, which would help him/her in furtherance of his knowledge and skill. The level of knowledge required to be attained would depend on the position occupied and level of responsibility held. The following would constitute the ways in which the requisite knowledge/skill could be obtained. It can be either verifiable or other programs, though verifiable CPD will form the core of CPD programs.

5. Nature of CPD Programs:

a) **Verifiable CPD Programs:**

The formal CPD programs are those directly arranged by Institute of Actuaries of India or IAI recognized programs organised by actuarial or other professional bodies (The Council of the Institute would decide on the specific program to be allowed for the accretion of verifiable CPD hours). Following are some of the examples of compliance with verifiable CPD;

- Participation in conference/seminars/workshops organized by IAI
- Writing papers , which are published in actuarial journals/magazines and recognized by the Council for the purpose of CPD credit.
- Presenting papers of actuarial interest in the forum of actuarial or other professional bodies.

- Setting/marking IAI examination papers.
- Serving in the Council/Committees/Working parties recognized by the Institute to be eligible for CPD hours.
- Attending India Fellowship Seminar organized by IAI.
- Attending Global Conference of Actuaries.
- Participation in conference/seminars/workshops organized by some other actuarial body or any other organization of repute recognized by the Council for the purpose of CPD credit.
- Attending courses of other actuarial bodies, and participating in their activities recognized by the Council for the purpose of CPD credit.

Any other

b) **Other CPD Programs:**

The following are examples of other CPD (The Council of the Institute will decide on the specific program to be allowed for accretion of other CPD hours) :

- Any other ways of upgrading knowledge by ways of study through internet, reading actuarial books, attending webinars and alike.
- Listening to audio/viewing videos etc.
- Any other

6 **CPD Requirements**

- a) CPD is required for all Fellow members who carry out any actuarial work, render actuarial advice, hold certificate of practice issued by the IAI or sign off actuarial certificates required by any Act, Regulation or Accounting Standard. However, the Council would decide on the extent and nature of CPD requirements for different work field and practice areas.
- b) Members who are not in gainful employment or professional work for a period exceeding 180 days in the immediate preceding CPD year and also not holding COP will need to fulfill only 10 hours of CPD requirement in one CPD year without any criterion of minimum 'technical' or 'professional' CPD hours.
- c) Members above 70 years of age but non COP holders will be required to attain a CPD credit of 6 hours per CPD year without any criterion of minimum 'technical' or 'professional' CPD hours.

Actuarial Practice Standard (APS) 9

The CPD condition is not mandatory for non CoP holders aged 60 years and above and not gainfully employed.

- d) Members below 60 years of age, who are not involved in actuarial work as defined by The Council and also not holding COP will need to fulfill only 10 hours of CPD requirement in one CPD year without any criterion of minimum ‘technical’ or ‘professional’ CPD hours.
- e) The nature and extent of CPD requirements are as under:

Work field/Area of Practice	Nature of CPD	Extent of CPD
1. COP holders	Mandatory and Verifiable	Prescribed minimum hours 24 hours per CPD year out of which a minimum of 12 hours should be technical CPD and a minimum of 6 hours should be professional CPD
2. Fellow members in actuarial functions (Non COP holders)	Mandatory and Verifiable	Prescribed minimum hours 18 hours per CPD year out of which a minimum of 8 hours should be technical CPD and a minimum of 6 hours should be professional CPD
3. Other Fellow members not employed in actuarial work (non COP holder)	Mandatory and Verifiable	Prescribed minimum hours 6 hours per CPD year

- f) It is likely that a holder of COP could be holding more than one ‘Practice Area COP’. For any additional CoP there will be additional requirement of 6 technical hours of CPD. The minimum prescribed condition of Technical Hours from Council notified events will remain as 6 hours in total and similarly the minimum prescribed condition of professional hours from Council notified events will remain as 6 hours.
- g) For example, a member holding COP for Life insurance and general insurance areas of practice will be required minimum of 18 hours of technical CPD and minimum of 6 hours of professionalism CPD. Thus, in all, a member holding two practice specific COPs, the requirement will be a minimum of 30 hours of CPD hours. For a member holding three practice specific COPs, the requirement will be a minimum of 36 hours of CPD hours and so on. The limiting condition is minimum of 6 hours of technical CPD hours per COP from the Council notified events and minimum of 6 hours professional CPD hours credit for all COPs together.
- h) A member will also be allowed to undertake CPD activities in bracket of 2 years and 3 years. All the requirements and limiting conditions will be in multiple of 2 or 3 as the case may be. Therefore, suppose a member holding a ‘practice specific’ COP couldn’t undertake enough CPD activities in one year, but has the required CPD activities during last two years will be eligible for renewal of COP. In this case the requirement of CPD activities will be:
- a. Minimum of 48 CPD hours in last two years

Actuarial Practice Standard (APS) 9

- b. Minimum of 12 'professional' CPD hours in last two years
 - c. Minimum of 24 'technical' CPD hours in last two years
 - d. Maximum of 24 CPD hours through programs designated as 'service to the profession'
 - e. For the purpose of this section and for any other requirements, CPDs awarded for IAI events under the earlier version of APS 9 would be multiplied by 1.5 ie. 150% of the earlier allocated hours would be recognized for calculation under the current APS 9.
- i) For Fellows who are non COP holders , if they are members of other actuarial body recognized by IAI (Annexure 2 : Current list of actuarial bodies recognized by IAI) and are CPD compliant to that actuarial body, then they will be exempted from CPD requirements of IAI. They have to demonstrate the compliance to the CPD requirements of the other actuarial body and also declare that the other actuarial body is the primary regulator for CPD matters. However, COP holders, would have to comply with the CPD requirements of IAI.

7. CPD Credit

Number of hours of credit will be as under; unit of one year will be April XX – March XX+1:

- i. Seminars, workshops, conferences and similar events organized by IAI including reading distance learning material where members cannot attend the event for causes such as advance age, disability or other unavoidable reasons: 6 hrs per day and 3 hrs for ½ day but not more than 12 hrs for any one event.
- ii. For attending meetings of the Council, Committees and working groups of IAI: 2 hrs per meeting with maximum credit of 6 hrs in a year.
- iii. Participation in distance learning / e-learning program related to actuarial work. -6 hrs in a year.
- iv. Publishing research based monographs (10 hour per monograph)/articles (6 hours per article) in referred journals on topics related to actuarial work - 10 hrs maximum in a year.
- v. Examiner in one or more subject whether as Examiner or review Examiner: 6 hrs per Examination Diet
- vi. Any other CPD Program - as specifically determined by the Council

IAI

8. Evidence of CPD

It is strongly recommended that appropriate records of CPD be maintained, as members should be able to demonstrate, if the need arises, that a reasonable effort has been made to keep up-to-date on current developments.

Annexure 1

Actuarial areas prescribed by the Council are:

Life Insurance

- i. Modeling techniques in areas such as asset liability matching, resilience testing and capital requirements.

- ii. Managing solvency standards.
- iii. Compliance issues with the regulator.
- iv. Taxation and legal aspects of insurance,
 - v. Financial management of life offices-Sales and expense models.
- vi. Investment of life funds-latest developments in derivatives, futures, options and alike.
- vii. Product development process and product ideas in other parts of the world.
- viii. Reinsurance issues
- ix. Unit linked insurance-pricing and management.
 - x. Actuarial issues like problem of deficiencies in newly set up companies -
 - xi. Long - term Care Insurance
- xii. Estimation of technical reserves

General Insurance

- i. Modeling techniques in areas such as asset liability matching, resilience testing and capital requirements.
- ii. The features of general insurance products
- iii. Risk factors and pricing of general insurance products
- iv. Taxation and legislative aspects of a general insurance company
 - v. Investment of general insurance funds-including latest developments in derivatives, futures, options and alike.
- vi. Reinsurance consideration of large risks.
- vii. Developments in statistical techniques for measuring and controlling risk.
- viii. Health Care Insurance
- ix. Estimation of reserves

Pensions and retirement benefits

- i. Modeling techniques in areas such as asset liability matching, resilience testing and capital requirements.
- ii. Methods of funding retirement and pension benefits.
- iii. Investment strategy for pension funds.
- iv. Investment of pension funds-latest developments in derivatives, futures, options and alike.
 - v. Fixing of contribution levels in defined benefit and defined contribution schemes.
- vi. Schemes for social security- in India and abroad
- vii. Legislation and taxation of pension funds/benefits.
- viii. Estimation of projected benefit obligations

Health Insurance and Long Term Care

- i. Modeling techniques in areas such as asset liability matching, resilience testing and capital requirements.
- ii. Product feature development and product pricing
- iii. Portfolio monitoring with adequate statistical techniques and repricing
- iv. Assessment of actuarial claim reserves and age reserve
 - v. Statistical measurement of healthcare risks and forecasting of the same for various health portfolios (inter alia group and individual business)
- vi. Health care insurance
- vii. Technical Reinsurance Issues
- viii. Development of underwriting guidelines based on statistical findings of existing portfolios within India and outside of India
- ix. Statistical techniques in health insurance

- x. Investment of the reserves arising in health insurance

Finance and Investment

- i. Asset Management
- ii. Modeling techniques
- iii. Performance measurement of investments
- iv. Determining investment policy and strategy
- v. Investment of Insurance, Pension & Social Security funds - latest developments in derivatives, futures, options and alike.

Social Security

- i. Population Projection Techniques
- ii. Demographics and Social Issues
- iii. Cost and Social Benefit analyses
- iv. Actuarial techniques in Social Security

Annexure 2

Currently IAI recognizes the following Actuarial Bodies for the purpose of this Actuarial Practice Standard;

- a. The Institute and Faculty of Actuaries, UK
- b. The Society of Actuaries in U S
- c. The Casualty Actuarial Society in U S
- d. The Institute of Actuaries of Australia
- e. The Canadian Institute of Actuaries
- f. The member associations of East Asian Actuarial Congress
- g. The Actuarial Society of South Africa
