

## PROFESSIONAL STANDARD 1

### CONTINUING PROFESSIONAL DEVELOPMENT

September 2013

---

#### INDEX

1	INTRODUCTION	2
1.1	Application	2
1.2	Classification	2
1.3	Background	2
1.4	Purpose	2
1.5	Previous versions	2
1.6	Legislation and other requirements	3
2	COMMENCEMENT DATE	3
3	DEFINITIONS	3
4	CONTINUING PROFESSIONAL DEVELOPMENT (CPD)	3
4.1	Objectives of CPD	3
4.2	Continuing duty	3
4.3	Amount of CPD	4
4.4	Criteria for compliant CPD	5
4.5	CPD activities	5
4.6	Use of judgment	5
4.7	CPD records	6
4.8	Compliance monitoring	6
4.9	Exemptions	6
4.10	Enforcement	7
	APPENDIX A – EXAMPLE OF CPD RECORD FORM	8
	APPENDIX B – EXAMPLES OF CPD CATEGORIES AND ILLUSTRATIVE POINT VALUES	9

## **1 INTRODUCTION**

### **1.1 Application**

This Professional Standard sets out the minimum standards of Continuing Professional Development required of Members of the Institute of Actuaries of Australia.

### **1.2 Classification**

This Professional Standard has been prepared in accordance with the Institute's Policy for Drafting Professional Standards. It must be applied in the context of the Institute's Code of Professional Conduct. Non-compliance with this Professional Standard by a Member is or may be *prima facie* Actionable Conduct and may lead to penalties under the Institute's Disciplinary Scheme.

All Members (including Fellows, Accredited Members, Associate Members and Affiliate Members) of the Institute of Actuaries of Australia must comply with this Professional Standard unless:

- (a) exempted under either clause 4.9 or Council policy; or
- (b) deemed to have complied by virtue of Council policy.

### **1.3 Background**

This Professional Standard arose initially from a review undertaken by the Continuing Professional Development Council Committee following a recommendation of the Institute's Corporate Governance Taskforce and adopted by Council.

The changes made in the [date] version implement the change from an hours-based system to a points-based system.

### **1.4 Purpose**

The purpose of this Professional Standard is to prescribe the minimum requirements that Members must satisfy in relation to Continuing Professional Development.

### **1.5 Previous versions**

From 1 October 1992 the Institute formally adopted a standard for Continuing Professional Development (Professional Standard 500). A revised version of that standard became effective from 1 October 2001.

In March 2006, the standard was revised and re-issued as Professional Standard 1 and was later amended in August 2009.

## 1.6 Legislation and other requirements

There is no legislation applicable to this Professional Standard.

## 2 COMMENCEMENT DATE

This Professional Standard applies from 1 January 2014.

## 3 DEFINITIONS

3.1 Where, in this Professional Standard, a capitalised term is used which is not defined in clause 3.2, then that capitalised term has the same meaning as set out in the Institute's Code of Professional Conduct.

3.2 In this Professional Standard:

**'Continuing Professional Development'** or **'CPD'** consists of activities that have the objective of the maintenance, improvement and broadening of knowledge and skill and the development of the personal and professional qualities needed for the provision of Professional Services and which are:

- (a) relevant to the Member's current role; or
- (b) in related disciplines that bear on the Member's work; or
- (c) in an area in which the Member contemplates practising in the future; or
- (d) in an area which broadens the Member's professional skills and experience.

## 4 CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

### 4.1 Objectives of CPD

The purpose of CPD is to ensure all Members maintain, improve and broaden their knowledge and skills, and to develop the personal and professional qualities needed for the provision of Professional Services.

As such, CPD is a significant component of the process whereby a Member maintains, or develops, his or her capacity to practice in accordance with the requirements of the Institute's Code of Professional Conduct and Professional Standards.

### 4.2 Continuing duty

Members have a continuing duty to develop and maintain their professional knowledge and skill.

### 4.3 Amount of CPD

- 4.3.1 Unless exempted under clause 4.9, at any point in time, a Member must have completed either:
- (a) 100 points of CPD in the prior calendar year; or
  - (b) 200 points of CPD in aggregate over the prior two calendar years, provided at least 50 points of CPD is completed in each of those calendar years.
- 4.3.2 Where the points which can be claimed for a particular CPD activity are not already published (for example, in conference marketing material), the Member may claim between 2 and 4 points per hour of CPD activity. The number of points which can be claimed is a matter for the Member's own professional judgment as to how much value the particular CPD activity has provided to the Member or the profession in terms of the objectives set out in clause 4.1 above. The points that may be claimed are to be based on the following:
- (a) a baseline of 2 points per hour for CPD activity (for example, attending a seminar);
  - (b) 3 points per hour for activities that deliver additional value to the Member in terms of the development of his or her personal and professional skills. For example, a claim of 3 points per hour may be appropriate for volunteer services for the Institute such as membership of an Institute committee; and
  - (c) 4 points per hour for activities that deliver substantive value to the Member in terms of the development of his or her personal and professional skills. For example, a claim of 4 points per hour may be appropriate for delivering tutorials.
- 4.3.3 In the application of the principles set out in clause 4.3.2, the Member may utilise the table in Appendix B to this Professional Standard to assist him or her in making the required judgment as to how many CPD points to claim for a particular activity. The table shows example points for some of the more common CPD activities undertaken by Members. Members' attention is drawn to clause 4.3.2 of this Professional Standard with respect to the use of professional judgment in determining how many points to claim.
- 4.3.4 For the purposes of clause 4.3.1, where one or more prior calendar years pre-date the commencement date of this version of this Professional Standard, one hour of CPD is taken to be equivalent to 2.5 points of CPD.
- 4.3.5 A Member who joins the Institute during a year can meet the requirements for CPD on a pro rata basis for that calendar year.

4.3.6 The points requirements set out in clause 4.3.1 are a minimum requirement and many Members may exceed these requirements in the ordinary course of events.

#### **4.4 Criteria for compliant CPD**

Subject to clause 4.6, a Member must undertake CPD in one or more of the following:

- (a) general actuarial techniques;
- (b) actuarial or other methods and approaches appropriate for the Member's particular practice area(s) or field of operation;
- (c) the development of his or her understanding of new techniques and approaches (either actuarial or non-actuarial);
- (d) the business or legislative environment in which the Member practises;
- (e) professionalism, including professional and ethical standards; or
- (f) business and management skills, including communication and negotiation skills, people management, project management and leadership skills.

#### **4.5 CPD activities**

4.5.1 CPD requirements can be met in a wide variety of ways, including:

- (a) as set out in the table in Appendix B to this Professional Standard; and
- (b) through those aspects of work that directly result in the improvement and broadening of knowledge and skill and the personal and professional qualities needed for the provision of Professional Services.

4.5.2 Other activities meeting the requirements of this Professional Standard are also appropriate, particularly for Members working outside traditional practice areas.

#### **4.6 Use of judgment**

CPD needs differ between Members and across the career of an individual. Therefore, a Member must exercise his or her judgment regarding the activities that he or she undertakes to develop his or her personal and professional skills, and a Member must decide what activities can be recorded as CPD in accordance with this Professional Standard.

#### **4.7 CPD records**

- 4.7.1 A Member is required to maintain a personal record of the points obtained in respect of CPD activities. Sufficient detail must be recorded to demonstrate the nature of the activity to enable the Institute to verify compliance with this Professional Standard. Such CPD records must be retained for five years after the end of the period to which they relate.
- 4.7.2 A Member is required to record the details of his or her CPD activities in a manner that is consistent with the detail contained in Appendix A (CPD Records Form).
- 4.7.3 A Member is required to confirm compliance with this Professional Standard as part of the annual membership renewal process, unless exempted under clause 4.9.

#### **4.8 Compliance monitoring**

- 4.8.1 The Institute may, from time to time, monitor Members' compliance with this Professional Standard by examining Members' CPD records. Members are required to provide their CPD records in written or electronic form within 14 days of receipt of a request from the Institute or such other reasonable time as agreed by the Institute. The Institute will make any such request in writing or by email.
- 4.8.2 Any records provided to the Institute will not be disclosed to other parties, except as necessary to conduct an investigation of a Member's compliance with this Professional Standard or as part of a disciplinary investigation of the Institute.
- 4.8.3 If, during examination of a Member's CPD records, the Institute has concerns about the adequacy of those records, it will initially seek additional information from that Member and provide him or her with a reasonable opportunity to fully document his or her records.

#### **4.9 Exemptions**

- 4.9.1 An application for exemption from the requirements of this Professional Standard must be made on a prospective basis, unless a Member can show that there are exceptional circumstances as to why a retrospective application should be allowed. The acceptance of a retrospective application for exemption is at the discretion of Council or its delegate.
- 4.9.2 A Member who:
- (a) is either retired, on extended leave, on maternity leave or has other special circumstances; and
  - (b) is not providing a Professional Service,

may apply to Council in writing for an exemption from the requirements of this Professional Standard.

- 4.9.3 Council or its delegate will consider the application and notify the Member in writing: (a) if the exemption application has been approved; and (b) of any conditions attached to that exemption.

#### **4.10 Enforcement**

- 4.10.1 Members' attention is drawn to the provisions of clause 1.2 of this Professional Standard regarding non-compliance.

- 4.10.2 In addition to possible action under the Disciplinary Scheme of the Institute, a Member determined by Council not to have reasonable grounds for his or her non-compliance with this Professional Standard may be subject to action by Council pursuant to Council's powers under the Constitution. Such action may include, but not be limited to:

- (a) issuing a warning letter to the Member regarding his or her non-compliance;
- (b) requiring the Member to undertake further CPD and provide evidence of such to the Institute within a certain timeframe;
- (c) requiring that the Member provide quarterly records to the Institute of his or her CPD activities for a specified period; and/or
- (d) issuing a warning letter to the Member noting that he or she will be audited for compliance for a particular period and that, if there are repeated breaches, this may constitute Actionable Conduct under the Institute's Disciplinary Scheme.

- 4.10.3 Non-compliance with any direction by Council under clause 4.10.2 may, of itself, constitute a further instance of Actionable Conduct under the Institute's Disciplinary Scheme.

**APPENDIX A – EXAMPLE OF CPD RECORD FORM**
**Name:**
**Membership No:**
**Period Starting:**
**Period Ending:**

Date	Event/Activity (including name of provider or source)	Detailed Description of CPD	Hours	CPD Points
01/02/xx	Economics Society of Australia Journal	Reading and analysis of journal article on "Enterprise Risk Management"	3.5	7
30/04/xx	Actuaries Institute - Investment Faculty	Writing examination paper for Investment examination	6.0	24
17/05/xx	Actuaries Institute Biennial Convention	Drafting and presenting peer-reviewed paper on "Practical considerations for asset liability modelling for life and wealth management companies"	16.5	66
26/07/xx	APRA discussion forum	Attended forum to discuss APRA's Discussion Paper entitled "Streamlining Breach Reporting"	2.0	4
12/08/xx	Finsia event	Attended presentation by Assoc Prof Joshi entitled "Early Exercise and Monte Carlo Obtaining Tight Bounds"	1.5	3
01/11/xx	Actuaries Institute - Insights	Listened to audio recording of session on FCRs in General Insurance	1.0	2
03/12/xx	XYZ Consulting Presentations Course	Undertaking presentation skills course on effective communication to Boards and Senior Management	4.0	16
Dec xx	Actuaries Institute LAGIC Taskforce	Member of Taskforce during August xx to November xx	20	60
<b>Totals</b>			<b>54.5</b>	<b>182</b>

**APPENDIX B – EXAMPLES OF CPD CATEGORIES AND ILLUSTRATIVE POINT VALUES**

Category	Sub-category	Activity description	Examples	Point value	Unit
<b>Knowledge</b>  Any CPD undertaken that enables the participant to learn and increase their understanding of professional information or acquisition of skills	<b>K1 Short Session</b>	Meetings, presentations, workshops, networking activities, live webinars or webcasts	YAP Session, Insights Session, networking evening/dinner	2	Per hour attended
	<b>K2 Seminar</b>	Seminars, conferences, conventions and forums	Financial Services Seminar, Accident Compensation Seminar, Biennial Convention, seminars conducted by other organisations such as ASFA, FSC, CFA etc		Per hour attended
	<b>K3 Study/research</b>	Reading of relevant articles Undertaking research, including time spent developing new techniques, methods etc to solve problems	Published articles, such as Institute journals, research journals, Part III course materials, other professional articles (eg APRA) and articles that increase market/industry awareness		Per hour of study/research
	<b>K4 Course</b>	Courses, workshops and interactive online learning modules relevant to practice	Courses, such as ANZIF Certified Insurance Professional, CFA		Per hour of attendance and study
<b>Development</b>  Any CPD relating to personal development in support of	<b>D1 Personal and Professional Qualities</b>	Business and management skills development activities	Development activity in: <ul style="list-style-type: none"> <li>– communication</li> <li>– negotiation</li> <li>– people management</li> <li>– project management</li> <li>– leadership skills</li> </ul>	3	Per hour of attendance or activity

Category	Sub-category	Activity description	Examples	Point value	Unit
professional practice	D2 Support	Mentoring, coaching or tutoring	Members giving or receiving support to/from another Member	3	Per hour received or given
	C1 Services	Institute Committee membership	Member of Council, Council Committee or Practice Committee Member of an event, taskforce, technical or research committee Member of an Institute disciplinary body	3	Per hour of preparation and attendance
Contribution  Any CPD involving sharing professional expertise with the profession, Institute members and/or the wider community			Responding to Institute requests for assistance	Drafting submissions or professional practice documents for the Institute Providing comments to Institute on draft documents or proposals	4
	C2 Authorship and presentation	Preparing and presenting peer reviewed conference paper or published article	GI Seminar, Accident Compensation Seminar, Biennial Convention	4	Per hour of preparation and presentation
		Preparing and presenting non-peer reviewed conference paper	Insights Session, webinar, meeting	3	Per hour of preparation and presentation
		Authoring non-peer reviewed material, editorial, paper or similar	Published in a professional publication or other context which is not peer reviewed		Per hour of authoring
	Preparing and presenting information or material to a group	Meeting (eg, for government liaison)	2	Per hour of preparation and presentation	

Category	Sub-category	Activity description	Examples	Point value	Unit
	C3 Peer review	Peer reviewing a paper or presentation	Peer reviewing any paper falling within C2	3	Per hour of peer review
	C4 Teaching and Assessment	Participation in teaching, curriculum review or assessment in Institute education courses or comparable university courses	Activities such as:	4	Per hour of teaching and assessment activity or PhD supervision
			<ul style="list-style-type: none"> <li>- writing assignments, exams or assessments</li> <li>- course development</li> <li>- delivering tutorials</li> <li>- monitoring discussion forums</li> </ul>		
			<ul style="list-style-type: none"> <li>- course leadership</li> <li>- curriculum review</li> </ul>		
	Supervising PhD candidates	<ul style="list-style-type: none"> <li>- marking assignments and exams</li> <li>- exam and PhD supervision</li> </ul>	2		

**END OF PROFESSIONAL STANDARD 1**