The issue of potential conflicts between considerations of confidentiality and professional obligation has surfaced within the profession several times in the recent past. Most recently, there was much discussion regarding the amendments to the Institute’s Rules of Professional Conduct, which were adopted at the Annual General Meeting held in Victoria, B.C. in June 2003.

This article is intended to assist members in balancing the obligations to an employer or client concerning confidentiality with the obligations to the actuarial profession, as found within our Bylaws and Rules of Professional Conduct. The article also contains suggested wording for agreements which the actuary may be requested or required to sign by either a client or an employer.

*It should be noted that this article is intended for general information and does not purport to offer legal advice.* Institute members with particular concerns or issues concerning confidentiality agreements or employment contracts should seek their own legal counsel.

Let us first examine the Rules of Professional Conduct which are relevant to this issue. These include:

- Rule 12 – A member shall respond promptly, truthfully and fully to any request for information by, and shall cooperate fully with, the Committee on Professional Conduct, an Investigation Team, a Disciplinary Tribunal, an Appeal Tribunal, or any member of such bodies regarding any disciplinary matter arising under Section 20 of the Bylaws.

- Rule 7 – A member shall not disclose to another party any *confidential information* obtained through a professional assignment performed for a client or employer unless expressly or implicitly authorized to do so by the client or employer, or required to do so under Rule 13, or required to do so by the Committee on Professional Conduct, an Investigation Team, a Disciplinary Tribunal or an Appeal Tribunal regarding any disciplinary matter arising under Section 20 of the Bylaws, or required to do so by law.

Some provisions of Annotation 13-1 to Rule 13 also have relevance in that they exempt the member from complying with certain parts of this Annotation when acting in an adversarial environment. Some of the examples of an adversarial environment listed in this Annotation, such as when parties are involved in labour negotiations, or where parties are involved in merger or acquisition activities, are situations where the member may be subject to a “confidentiality agreement”. However, this exemption under Annotation 13-1 lasts only as long as the adversarial environment exists (which can be, on occasion, subject to interpretation), and the member is thereupon required to comply with the requirements concerning rectification (if applicable) and reporting.

Our investigation, and legal advice we have received, indicate that the requirement placed on Institute members is the norm for professional organizations in Canada. For example, the Institute of Chartered Accountants of Ontario (ICAO) rules of professional conduct require all chartered ac-
countants in Ontario to cooperate with their disciplinary process even if, in doing so, they disclose confidential information. Virtually identical rules apply to accountants in British Columbia and, I believe, in all other provinces. Similarly, for lawyers in Canada, matters of professional discipline take precedence over even attorney/client privilege.

While I am advised that various legal arguments can be developed to show that there is no conflict and that the obligations to the Institute must be complied with regardless of any confidentiality agreement, it is always preferable to have such matters clearly stipulated in written agreements. Actuaries who do not currently sign engagement agreements with their clients may wish to consider doing so. At a minimum, they should ensure that the client is aware of the professional obligations with which actuaries are required to comply. From my own experience, and anecdotal evidence provided by several other actuaries, clients generally react well, perhaps because they realize that they benefit from a profession that has well established standards backed by Rules of Professional Conduct and a disciplinary process.

It may appear that the CIA Rules cited above could cause members to violate confidentiality agreements already entered into with clients or employers, as these confidentiality agreements typically have not specified that the actuary may have to disclose confidential information due to professional requirements. It should be noted that those agreements also do not specify any other Rules, or, for that matter, any Standards of Practice which the actuary will follow. When one employs an actuary, or a member of another professional body, one employs the complete professional, which includes obligations prescribed by the Rules of Professional Conduct, the Standards of Practice, the disciplinary process and the continuing education requirements by which that professional is bound. Normally, this provides great comfort to the client, a form of quality assurance.

If a potential client approaches an Institute member and requests that the member conduct an assignment free from, say, the constraints of Rule 5 (dealing with ‘conflict of interest’), the member would and should decline to do so, whether or not the contract with the client mentions Rule 5. Similarly, if the client insists that the member ignore a particular provision of a Standard of Practice, on the grounds that the contract did not mention adherence to that standard, the actuary would again be on solid ground in refusing to comply with the request.

The first thing that members should do is seek written engagement agreements, as many of the large consulting firms have been doing for some time. The member or the member’s firm can then seek to include suitable wording in those agreements. Such contract wording need not be very long. A possible confidentiality clause, loosely based on standard clauses used by some of the larger consulting firms, is:

“We (the firm)¹ agree to take reasonable precautions² not to disclose to any third party any confidential information³

¹ or I (the actuary)
² ‘to take reasonable precautions’ is optional wording which decreases the firm’s/actuary’s obligation
³ ‘confidential information’ may be defined to limit the scope. Otherwise, it would usually exclude information in the public domain, or information which the actuary could obtain from other sources
obtained from you (the client) in the course of this engagement, except as required by law, or as required by the Canadian Institute of Actuaries in the context of a disciplinary matter, or as authorized by you (the client) in writing. If any court of competent jurisdiction, or any disciplinary body of the Canadian Institute of Actuaries requires us (the firm) to disclose such confidential information, we/l will do so and advise you (the client) prior to doing so."

It should be noted that there is always an exception for subpoenaed information. As a court order, a subpoena always overrides the confidentiality requirement, even if that exclusion is not identified in the confidentiality clause. This is a matter of public policy; otherwise, the judicial process simply could not operate.

In some cases members do not have written agreements with their clients, but the client may have verbally indicated the confidentiality of certain information or documents. In this circumstance, the member may not have had the opportunity to either advise the client of his/her obligations as a member of the Institute, or to include these obligations as an exception in contract wording, and it is therefore possible that the client is not aware of these obligations. Clients are often not aware of the issue simply because they haven’t thought about it.

In other cases, members may say, “But I have already signed an agreement which requires confidentiality, but which does not indicate that I must also comply with requirements in our Rules to cooperate with the disciplinary process, and that this, in the opinion of the Institute, overrides the commitment to confidentiality.” Other situations which may give rise to concerns occur when there is no longer an ongoing client relationship and there was no suitable agreement in place while the assignment/consulting relationship was in progress.

In each of these situations, the member may be concerned that he or she is exposed from two sides, the client or employer for disclosing certain information, or to either advise the client of his/her obligations as a member of the Institute, or, more broadly, to any professional body.

In the vast majority of other situations, it probably will not be necessary for the member to take any specific action. In the rare case that the Institute does make a request for confidential information, the prudent member, in consultation with an independent legal advisor, would pursue a resolution of the apparent conflict by actively cooperating with both the Institute and the client until either:

- the client has waived any objection to the disclosure of the information, or
- the conflict is referred for resolution to a court of law.

In some cases, the member may wish to involve the Chair of the Committee on Professional Conduct to assist in explaining to the client the importance of the confidential information to the Institute’s disciplinary process.

It is worthy of note that some contracts contain clauses which may help the member’s situation, even if the confidentiality clause contains little ‘wiggle room’. For instance, there are often clauses, dealing with the scope of the services to be rendered (especially if the work may only be performed by an FCIA), or specifying that the actuaries performing the work will be in good standing with the CIA, or stipulating that the work will be done in compliance with professional standards, that could be relied upon to argue that the client recognizes that an actuary performing the services is bound by obligations to his/her profession.

Balancing some of the concerns which some members may have is the fact that,

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* this includes information being provided to regulators and information provided if ordered by a court
5 to broaden, 'the CIA' could be replaced with 'a professional body or association'
6 reference to 'disciplinary matter' limits the context within which information may be disclosed, but may not be adequate if the agreement covers other professions, who may have practice review, etc.
7 having the authorization in writing (vs. oral) is not essential, but would limit exposure for the firm/actuary
8 see footnotes 5 and 6
9 or me (the actuary)
in many cases, information which was confidential when an assignment was in progress subsequently becomes public information, and disclosure of it within a disciplinary investigation may no longer be of concern to the client or former client. It is also very common that the examination of actuarial work within the disciplinary process occurs a substantial period of time after the work was performed, and this will frequently obviate the need for continued confidentiality. Another mitigating issue is that if the need for continuing confidentiality is for a limited future period, the disciplinary process may be able to be delayed for a period of time, as long as the right of the actuary in a discipline investigation to fair treatment is not affected. Also, if the discipline case does advance to a hearing by a Disciplinary Tribunal, it may be possible for a portion (or even all) of the Disciplinary Tribunal to be held in camera, if there exists a strong reason for it to be.

Until now, this article has addressed situations where the actuary is required by a client to adhere to confidentiality conditions. Many of the same issues arise for an employee whose terms of employment require that a company code of conduct be followed and/or a confidentiality agreement be signed, usually at the time of hire.

Some employers of actuaries, aware of this issue vis-à-vis their relationships with their clients, will have built appropriate exceptions into their employees’ employment agreements and internal codes of conduct. In addition, following the financial fiascos of Enron, Worldcom and the like, many organizations have instituted ‘whistle blower’ procedures and safeguards, and the awareness of a professional’s responsibilities to follow professional standards and rules of conduct is now much greater in the corporate world. A reasonable expectation on behalf of the employer might be that an employee would follow available internal procedures (consistent with the Institute’s expectations regarding rectification), before taking a confidential matter ‘outside the organization’ to comply with the requirements of his/her rules of professional conduct.

A sample of wording dealing with professional obligations for inclusion in an individual employment agreement follows. It is noted that many actuaries are hired by their employer prior to qualifying as an Associate or Fellow of the Institute. They may therefore need to arrange for an appropriate revision to their employment agreement after qualifying.

“I (the actuary), Fellow/Associate of the Canadian Institute of Actuaries, recognize that I may have access to confidential information and documentation in the course of my employment.

I expressly agree not to disclose such confidential information or documents, unless permitted by law, and unless the purpose for doing so is to comply with the requirements of the Rules of Professional Conduct and the Bylaws of the Canadian Institute of Actuaries in connection with a disciplinary matter.”

Where employees are subject to a company Code of Conduct, this Code may also need to be enhanced with the inclusion of wording which recognizes the obligations of employees to their various professions. Such a revision may not be easily achieved without the involvement of professionals in senior management positions with the employer. A sample addition (written in general terms to recognize that most employers of actuaries employ professionals from several disciplines) is:

“The Company recognizes that certain employees must adhere to professional codes of conduct and other requirements by virtue of their membership in a professional body or association. If there is a conflict between this Code and any professional requirements, this Code is superseded by the professional requirements. Any employee in doubt about the application of the Code to a specific situation should consult with his or her immediate superior and with an appropriate representative of the professional body or association.”

In closing, I would like to add some further perspective to this discussion. As a member of the Committee on Professional Conduct for most of the past seven years, I am aware that obtaining confidential information has rarely been an issue in cases. In fact, over the past 11 years since our disciplinary system was significantly revised in 1992, there have been fewer than 100 members (from a population of more than 3,000) concerning whom the CPC has received information or complaints related to their conduct. Charges were ultimately laid with respect to only 25 of those members. Without compromising the confidentiality of the process, I can confirm that obtaining confidential information has been an issue in fewer than five of those cases.

Peter F. Morse, FCIA, is the Chairperson of the Committee on Professional Conduct and a Past President of the CIA (1998-1999).

Editor’s Note: This article has been submitted as part of a coordinated action, requested by the CIA Board at its meeting in June, to help educate the membership on Confidentiality issues.
Spock vs. Kirk — Beyond the Final Frontier

By Mike Lombardi

We have all heard of Star Trek. However, if you are under 30, you may not know its original cast of Captain Kirk and his science officer Mr. Spock. When I was growing up, Star Trek was my favourite TV program. This was due in a large part to the unique character of Mr. Spock, whom I admired as a role model. I often found him fascinating and always interesting.

Of course, Captain Kirk was important too. Whenever the ship was in danger, his role was to baffle his enemies and save the day with bold actions that combined courage, creativity, bluff, and sometimes sheer luck. However, he could not have defeated his enemies without the assistance of the logical, intelligent, committed, loyal, and self-controlled Mr. Spock. I will return to these characters later in this article.

Recently, I attended a North American Council of Presidents meeting. The Council of Presidents is composed of the Presidents and Presidents-elect of the nine North American actuarial organizations (three Mexican, five American and, of course, one Canadian). These meetings take place three times a year and each organization’s Executive Director also participates. One of the benefits of our leadership’s participation in such international gatherings is that we can exchange views and experiences on similar issues, we can share relevant research findings, and we can agree to fund activities that advance the profession in a more cost-effective manner than by acting separately.

An important agenda item for this meeting was the image of the actuary and what we can do to advance the profession’s vision and mission for the future. This issue has been identified by our CIA Board of Directors as one of our top priorities. It is also closely linked to the work of our CIA task force currently examining the future supply and demand of actuaries in Canada and how we can expand the profession into new areas of practice, so we certainly participated with a keen interest.

We reviewed the research findings of the recent SOA member and employer surveys as well as the previous CAS survey of CEOs. Among the research findings:

- Actuaries are seen as having strong quantitative skills and strong ethics. However, their leadership and business skills are seen as less effective than their competitors. In both the traditional and nontraditional markets, top positions reflect an emphasis on business and “thought leadership” aspects, rather than on technical skills.
- Actuarial credentials dominate the traditional market. However, employers in the broad financial services arena, such as banks and mutual fund companies, tend to give greater consideration to a chartered financial analyst (CFA), MBA, financial engineer, or person with an advanced finance degree.
- Members and employers both see a need for actuaries to improve in such areas as business communication skills, business acumen, being proactive, and focusing on the big picture.
- Employers see actuaries as having greater skill than competing professions in quantitative modeling, financial assessment and reporting, industry knowledge, and solving complex problems.
- There is a great deal of consistency between the employers’ view of actuaries and the actuaries’ own view of themselves.

As I sat listening to the presenters reviewing the findings, two thoughts occurred to me. The first was that this was very good information worth sharing with all actuaries. The second was that the details can be somewhat overwhelming and perhaps there might be a simpler way to communicate the essential elements of the reports. It finally hit me that these studies could be communicated by referring to two Star Trek characters.

There is a lot of Mr. Spock in all of us. Like Mr. Spock, actuaries solve complex problems, they are intelligent, ethical, possess a wide body of knowledge, and they reliably get to the right solution. What Mr. Spock and many actuaries are not good at is getting out of their comfort zone, thinking outside the box, making bold decisions, being proactive, focusing on the big picture, or communicating enthusiastically and effectively with other human beings.

This composite image, unfortunately, is increasingly placing us at a disadvantage in the minds of employers in traditional markets and in the broader financial services arena. Employers are telling us that they view many actuaries as lacking a number of important skills that are necessary for success and which will prevent actuaries from being considered for top management jobs and opportunities in the broader financial services sector.

To compete effectively in the future, we will need to exhibit greater business acumen and communication skills. We must think outside the box to make our work more exciting and valuable. We need to take charge and show more leadership. We must be more willing to make bold decisions. In short, we need to be less like Mr. Spock and more like Captain Kirk.
At a meeting in Montréal on October 7, 2003, the North American Free Trade Agreement (NAFTA) commission accepted the temporary entry working group proposal that actuaries be treated as a subset of mathematicians. Final administrative instructions to the various ports of entry in Canada, Mexico and the United States will take some time to be published and the changes will not take effect until February 1, 2004.

Some members may recall that in 1993 the CIA, in concert with the American Academy of Actuaries, submitted a formal proposal to have the actuarial profession included under the Free Trade Agreement. This amendment was never acted on because the free trade agreement was expanded into the current NAFTA. Subsequently, the Canadian, Mexican and US actuarial organizations made application to have the actuarial profession included under Chapter 16—the chapter that contains the lists of professions that are granted temporary entry for the purposes of carrying on work in the other countries. In 1999, despite agreement in principle to include the actuarial profession in the NAFTA, there was a lack of consensus on opening the NAFTA for amendment, an administrative solution had to be found. After much dialogue between the professions’ respective governments it was agreed that the best compromise was to treat actuaries as a subset of mathematicians.

Nevertheless, it is still our intention that if and when the NAFTA is opened for amendment, that the actuarial profession will be listed as one of the primary professions under Chapter 16.

Once administrative details have been completed for the ports of entry, a further Bulletin article will be provided to explain procedures to CIA members. Rick Neugebauer is the Executive Director of the Canadian Institute of Actuaries.
The CIA’s Asian Connection

How does the CIA manage to get representation at different events across the globe despite its limited resources? It is through the generous help of our volunteers. Three such volunteers represented the CIA at the Asian meetings described in the brief articles below: two of whom we tapped on the shoulder and one who answered our call on the General List. Thanks to these three CIA members, our President Mike Lombardi was able to accept these invitations for the CIA. Fortunately, these volunteers were already planning to be “in the neighbourhood” for their respective meetings; nevertheless, we are still indebted to them for “going the extra mile” to represent the CIA.

The actuarial community is vibrant in Asia and all FCIA members can be proud of the leadership that our colleagues are demonstrating there. The CIA would like to thank our international volunteers for their generosity towards the profession.

Jean-Louis Massé, FCIA, is the Chairperson of the Committee on International Relations and a Past President of the CIA (2001-2002).

The Fourth China Congress of Actuaries

By August Chow

The Fourth China Congress of Actuaries, which was held from September 26 to 28, 2003, was attended by over 200 actuaries, insurance professionals, and industry representatives from China and overseas. The meeting was held in a resort hotel in Chengdu, a major inner city in China with a population of 10 million. Some of the invited guests representing overseas and international actuarial bodies included: Yves Guérard (International Actuarial Association), David Lewis (UK Institute of Actuaries), Shu-yen Liu (Society of Actuaries), Alex Zu (Casualty Actuarial Society), Won How Lo (Actuarial Institute of Taiwan), Peter Luk (Actuarial Society of Hong Kong) and myself, August Chow (Canadian Institute of Actuaries).

The main theme of the conference was “Actuarial Professionalism – Mission and Responsibility.” Mr. Yves Guérard, the Secretary General of the International Actuarial Association, gave an opening address, which was followed by a welcome address by Ms. Yao Hezhen, Vice President of the China Reinsurance Company, the sponsor of the Congress. Mr. Wei Yingning, the Vice-Chairperson of the China Insurance Regulatory Commission (CIRC), delivered the keynote speech.

The two and a half-day meeting covered a variety of topics on the role and responsibility of an actuary from a regulatory, industry and professional point of view; the challenges to actuaries; the life, pension and casualty insurance in China; the proposed IAS International Accounting Standard; and the insurance agency and the supervision of market conduct.

At the meeting, the CIRC released three draft regulations on 1) the administration of practising actuaries in China; 2) the professional code of conduct of actuaries in China; and 3) the continuing professional development of actuaries in China.

At the end of the conference, a number of delegates joined the scenic tour that was organized by the Conference Committee (see photo).

Chengdu, China is renowned for its fertile land and agricultural wealth, and is nicknamed the “Storehouse of Heaven.”

August Chow, FCIA, is a CIA member who represented the Institute at the Fourth China Congress of Actuaries. He is also the Assistant Insurance Commissioner of the Insurance Authority in Hong Kong.

Actuaries Meet in the Philippines

By Stuart Wason

On the occasion of the 75th anniversary of the Actuarial Society of the Philippines (ASP), the East Asian Actuarial Conference (EAAC) was held in Manila on October 6-9, 2003. I was present at the meeting for several reasons and was pleased to bring greetings to the ASP on behalf of the CIA.

The EAAC brings together actuaries from across the Asia Pacific region every two years. The regions included in the...
EAAC are Korea, Japan, Hong Kong, Taiwan, Philippines, Malaysia, Singapore, Thailand and Indonesia. In 2004, India will also join the EAAC.

The theme for this year’s conference was on good governance. The opening plenary session focused on this topic with speakers representing regulatory, business and actuarial viewpoints. To give you a flavour of the conference, some of the other sessions were entitled:

- Dynamic Solvency Testing for general insurers
- Role of Embedded Value in a balanced scorecard for insurers
- Coping with low interest rates and shrinking margins in a volatile environment
- Developing bancassurance in Asia
- Innovations in insurer risk management
- Epidemics and insurer risk management
- The need for long-term care protection
- International accounting standards: Progress and issues
- Corporate governance and the Sarbanes-Oxley Act in the US
- Enterprise-wide risk management
- Insurer solvency assessment – Towards a global framework

I presented on the last topic mentioned as a result of my involvement with the International Actuarial Association (IAA) Working Party on this topic (CIA members Harry Panjer and Allan Brender are also members of this working party). While certain topics presented during the conference appealed directly to the Asian markets, a great many of the topics were of international appeal.

Consistent with my experiences at previous EAACs, the actuarial program and conference organization was top notch. It is an ideal opportunity to sample what is happening in the insurance markets of the Asia region. A fun highlight of each EAAC occurs during one of the conference dinners when each delegation (i.e., Hong Kong, Malaysia, etc.) steps on stage to present a number (a song, a recitation, etc.) unique to their region. Showing their numerical skills in a humourous way, the Malaysian delegation counted to ten in all the native languages of the EAAC members!

I was also present in Manila for an October 5th meeting between the IAA and the Asian Development Bank (ADB), which is based in Manila. This meeting was conducted under the auspices of the IAA’s Supranational Relations Committee (to foster linkages between the actuarial profession and various supranational organizations such as the World Bank, International Association of Insurance Supervisors, World Health Organization, etc.).

Below is a list of several of the IAA leaders present:

- Jim MacGinnitie – President
- Catherine Prime – Past President; Chair, China Committee
- Chris Daykin – Past President; IPEF Trustee
- Stuart Wason – Chair, Supranational Committee
- Stuart Leckie – Member, Advice & Assistance and China Committees
- Bob Conger – Member, Advice & Assistance and Supranational Cttees
- Won How Lo – President, Actuarial Institute of Taiwan
- Graham Rogers – President-elect, Institute of Actuaries of Australia
- Isagani de Castro – Past President, Actuarial Society of the Philippines
- Munisamy Poopalanathan – Sri Lanka
- I brought greetings on behalf of both the CIA and the SOA.

The ADB is financed by periodic funding provided by member nations (including the US) to support development throughout the region. The ADB operates in friendly competition with the World Bank in some sectors and regions. For example, the ADB tends to rely on the World Bank and the International Monetary Fund (IMF) to conduct the current series of financial sector supervisory reviews. The Office of the Superintendent of Financial Institutions (OSFI) was one of the earliest to be reviewed as part of this global process.

Some outcomes of our meeting were as follows:

1. Senior ADB staff attended an IAA IPEF (International Promotion and Education Fund) meeting on October 10 to 12, 2003 in Manila on the topic of actuarial education in the region.
2. A joint ADB/IAA working group has been established to discuss actuarial education needs in Developing Member Countries (DMCs) and the scope for cooperation between the ADB and IAA in sponsoring actuarial education.
3. Scope for cooperation and further work between the ADB and IAA will be discussed in the areas of:
   - financial sector development and support for insurance regulation; and
   - pension and social security reform.
4. The ADB has been invited to become an Associate Member of the IAA.
5. The newly formed Health Section of the IAA will be in touch with the ADB regarding regional issues of health and social protection.

Stuart Wason, FCIA, is the Chairperson of the IAA Supranational Committee and a Past President of the CIA (2000-2001).

The Appointed Actuary — A Tale of Many Cities

By Kin Chung Chan

Currently, there are many countries in Asia that are determined to go in the direction of the “Appointed Actuary” system. The issue is not with the definition of the scope of authority, as this could be easily copied from other countries with a more mature actuarial profession. The real issue is how to build the environment for such a system to work. A few of these issues were discussed on the first day of
the Third International Professional Meeting of Leaders of the Actuarial Profession and Actuarial Educators in Asia and the Pacific held recently in Manila.

The most fundamental element that supports the Appointed Actuary system has to be statutory recognition. Statutory recognition requires a way to recognize the qualification that enables an individual to perform a statutory function. In Asia, not every actuarial association holds its own actuarial examinations. Japan has a well-developed actuarial profession with its own examination system. The actuarial association in China is just over three years old and it has an examination system that is still under development. The Philippines and Indonesia both have their own examination systems. Hong Kong and Singapore have transient actuarial populations and do not have their own examination systems. Both associations are working in the direction of having a one-examination qualification path to move closer to gaining statutory recognition. Both countries have high actuarial expertise but do not have a statutory body. Defining a way to specify the qualification without holding an examination is a challenge to the actuarial associations in Hong Kong and Singapore.

It is reasonable to expect an appointed actuary to work according to the statutory framework under which he or she practises and not according to the statutory framework under which he or she is qualified. This potentially brings up different ways to address actuarial issues and puts an individual in a difficult situation. Regulatory framework relies on the professionalism of the local actuarial association to set standards and provide guidance to appointed actuaries. Whether actuarial associations in Asia could master adequate resources and experience to develop standards and guidance notes is a key to the success of the Appointed Actuary system. The young actuarial profession in China has recognized that the development of a more professional actuarial association as one of its main initiatives for 2004.

Finally, if the Appointed Actuary is a global concept requiring similar prudence in handling actuarial issues, it is reasonable for the various actuarial associations to work towards a similar level of professional standards. It seems that the first leg of working towards a global standard will require a way to allow mutual recognition of various actuarial examination systems. In Asia, a few of the actuarial associations have their own examination systems, so we would like to investigate the possibility of starting some form of mutual recognition.

Kin Chung Chan, FCIA, is the CIA Liaison Representative on the China Subcommittee of the International Actuarial Association.

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### Calendar of Events

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<td>&quot; Global Conference of Actuaries&quot;</td>
<td>February 18-19, 2004</td>
<td>New Delhi</td>
<td>Federation House</td>
<td>Liyaquat Khan <a href="mailto:actsoc@vsnl.com">actsoc@vsnl.com</a></td>
<td><a href="http://www.actuariesindia.org">www.actuariesindia.org</a></td>
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<td>Pension Seminar</td>
<td>April 16, 2004</td>
<td>Montréal</td>
<td>Hilton Montréal</td>
<td>Joanne St-Pierre (613) 236-8196 ext. 106</td>
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<td>Professionalism Workshop</td>
<td>June 15, 2004</td>
<td>Calgary</td>
<td>Telus Convention Centre</td>
<td>Sheila Richard (613) 236-8196 ext. 104</td>
<td><a href="http://www.actuaries.ca/meetings/professionalism_e.html">www.actuaries.ca/meetings/professionalism_e.html</a></td>
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<td>June 16-17, 2004</td>
<td>Calgary</td>
<td>Telus Convention Centre</td>
<td>Joanne St-Pierre (613) 236-8196 ext. 106</td>
<td><a href="http://www.actuaries.ca/meetings/annual_e.html">www.actuaries.ca/meetings/annual_e.html</a></td>
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<td>Seminar for the Appointed Actuary</td>
<td>September 20-21, 2004</td>
<td>Montréal</td>
<td>To be announced</td>
<td>Sheila Richard (613) 236-8196 ext. 104</td>
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<td>Professionalism Workshop</td>
<td>November 17, 2004</td>
<td>Montréal</td>
<td>Queen Elizabeth Hotel</td>
<td>Sheila Richard (613) 236-8196 ext. 104</td>
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<tr>
<td>Joint Meeting with CAS</td>
<td>November 17, 2004</td>
<td>Montréal</td>
<td>Queen Elizabeth Hotel</td>
<td>Joanne St-Pierre (613) 236-8196 ext. 106</td>
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<td>Queen Elizabeth Hotel</td>
<td>Joanne St-Pierre (613) 236-8196 ext. 106</td>
<td><a href="http://www.actuaries.ca/meetings/general_e.html">www.actuaries.ca/meetings/general_e.html</a></td>
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* This event is not a CIA meeting. Note: Additional information on all CIA meetings can be obtained at: [www.actuaries.ca/meetings/calendar_e.html](http://www.actuaries.ca/meetings/calendar_e.html).
The Future of CPD Requirements

By Wally Bridel

As members of the CIA, we have a requirement to stay current with actuarial practices and standards that apply to our specific areas of practice. Recognizing this, the CIA developed Continuing Professional Development (CPD) requirements in the early 1990s, which became effective in November 1994. Members were given until January 1, 1997 to comply with the guidelines (i.e., to accumulate an initial 100 hours of continuing education activity).

Some of the CPD requirements are presented below, however, much has changed since they were initially developed. The CPD requirements:

- are a necessary condition to be qualified to practise in Canada;
- apply to practice in Canada only, with other members encouraged to meet the requirements on a voluntary basis;
- are based on accumulating a certain amount of continuing education hours;
- state that activity must be relevant to the educational requirements of the practice area;
- are a mix of formal and informal activity;
- dictate a minimum of 24 hours of formal activity every two years, and a minimum of 100 hours of total activity every two years;
- are to be self-policed by the member;
- direct that the member keep a record of his or her continuing education activity.

The Task Force to Review CPD Requirements was formed in the fall of 2002, charged with reviewing the current CPD requirements and recommending changes where appropriate.

In particular, the task force was asked to address the following questions:

- Should the CPD requirements be voluntary or mandatory requirements?
- Should the CPD requirements be formally policed by the CIA or self-policed by the member?
- What accountability for meeting CPD requirements should be put in place?
- Is the balance between formal versus informal requirements still correct?
- What constitutes CPD and where would it fit within formal/informal requirements?
- How would Leaves of Absence and Part-time Employment be treated with regard to the CPD requirements?
- Are the current CPD requirements meeting the expectations of the users of the work of the member?
- Are the current CPD requirements in line with other actuarial bodies and/or other professional organizations?
- Are the current CPD requirements meeting the expectations of the users of the work of the member?

A task force of 15 people was established, in order to provide a wide representation across practice areas, geographic regions, and years of experience.

Generally, we found the current CPD guidelines to still be appropriate. We did develop the following six recommendations, which either reinforce elements of the existing requirements or identify areas of improvement:

1. That the CIA’s continuing education philosophy shift from an hours-based approach to one that focuses on skills and knowledge.

Our primary recommendation is to shift the philosophy towards continuing education: away from only an hours-based approach to one that also focuses on a requisite knowledge base and skill set. Each practice area would develop an outline of technical subject matter, and recommended level of understanding of each subject needed to practise in that area. Members would then tailor their own continuing education initiatives in order to achieve and maintain their skills and knowledge at the desired level. We believe this approach would not only enhance members’ current continuing education initiatives, but would be especially helpful to those members returning to practise in Canada, returning to the workforce after an absence, or changing practice areas.

2. That the requirements should be mandatory as a requirement for continued qualification.

The initial view of the task force was that some amount of continuing education was required by all practising actuaries in order to maintain qualifications and remain in compliance with Rule 2 (former Rule 3). There was some discussion between the task force, the Eligibility and Education Council, and the Practice Standards Council as to whether the CPD requirements should go further and be considered a standard of practice. All concurred that the requirements are not a standard of practice, as they do not directly impact actuarial practice, but that they are a requirement for continued qualification.

3. That the requirements continue to be self-policed.

At various points in our discussions, the task force debated the role of the...
3. That the view of formal/informal shift to structured/unstructured, and that greater flexibility be provided in terms of what is recognized as structured and unstructured activity.

The current requirements consider formal CPD to be face-to-face, such as meetings and seminars. Informal CPD is considered to consist of activities conducted alone, such as self-study or reading. The task force is recommending shifting this focus from formal/informal to structured/unstructured. “Structured” does not need to be face-to-face, but should enable the member to hear more than one point of view (e.g., a panel with more than one presenter, or a single presenter with a question and answer period). “Unstructured” would then provide for only a single point of view, where the member is able to form their own view and conclusions, but there is not an opportunity to ask questions or to hear from opposing or alternative points of view.

The task force is recommending greater flexibility around structured activity. In addition to attendance at a meeting or seminar, reviewing any material (e.g., tapes/video, webcasts) that emanates from a meeting setting should be considered structured activity. In-house company seminars are also a good source of structured activity. In addition to self-study and reading, we would recognize presenter’s preparation time, activity as part of normal work requirements, and activities that are professionalism in nature or related to business and management skills, to also be considered unstructured activity.

5. That responsibility and accountability remain with the member.

The task force debated the role of the CIA versus the role of the member. From a CPD point of view, we believe the CIA has a responsibility to set the requirements, to set a structure in place to meet the requirements, and regularly communicate reminders of the requirements. The CIA has set CPD requirements, which have been in place since 1994. We believe the second point is satisfied through the current meeting and seminar structure. If our recommended approach is adopted, the CIA will have to develop a knowledge and skills inventory for each practice area. A key to success is to ensure that each practice area is addressed, including smaller and emerging areas. Although this will be a fair amount of work initially, maintaining the inventories into the future, and regularly communicating the requirements, should be achieved within the current structure of councils and committees. It will then be the responsibility of members to ensure they are constructing continuing education programs that are appropriate to their own situation, and that ensures they are able to maintain the knowledge base and skill set that is necessary for their practice area.

6. That the current balance between formal/informal be maintained in the structured/unstructured framework.

The task force believes that the current mix of formal/informal (24 hours formal, 100 hours total) is about right, and would maintain this mix under our structured/unstructured recommendation. We noted that 24 hours every two years, or 12 hours per year, is consistent with other actuarial bodies. The total requirement is equivalent to roughly one hour per week, which we believe is appropriate. Although we have recommended a shift in focus towards skills and knowledge, we still believe an hours based guideline is appropriate, and that one hour per week is likely the amount of time most actuaries would invest in keeping their skills and knowledge current.

If the report is accepted, the next steps will be to determine the necessary changes to the current CPD requirements, and to develop the skills and knowledge inventories for each practice area. A considerable effort will be required, particularly for the latter. We will also want to develop a communication plan, to ensure members understand and accept the revised requirements.

If you have an interest in helping with the next steps, or wish to share any thoughts or comments, you can e-mail me directly at <wbridel@munichre.ca>. We would also welcome postings to the General List, where they can be seen and considered by all members.

Wally Bridel, FCIA, is the Chairperson of the Task Force to Review Continuing Professional Development Requirements.
Actuaries Jump Again in Ratings

According to the 2002 Jobs Rated Almanac, “Actuaries” have jumped from fourth to second place on the list of the best jobs in the US. “Biologists” took the first place spot this year, and “Financial Planners,” “Computer Analysts,” and “Accountants” rounded out the top five. The Jobs Rated Almanac (Sixth Edition by Les Krantz) rated 250 jobs on the basis of such criteria as job security, benefits, work environment, stress factors, future outlook, and salary. The almanac also included such useful information as typical hours worked, potential for promotion and salary growth and perks such as travel. The data used for the almanac were provided by various sources such as the US Bureau of Labor Statistics, labour unions and professional associations.

Documents Distributed

These CIA publications were distributed in October 2003. If you were not on the list to receive a particular item and would like to receive it, or if you are missing anything, please notify the Publications Department of the Secretariat by phone: (613) 236-8196, ext. 114, fax: (613) 233-4552, or e-mail: judy.findlay@actuaries.ca. If a number follows the title, please quote this number as it will help us locate the document in the archives more quickly. All online documents can be found at: <www.actuaries.ca/publications/index_e.html>.

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1 = All; 2 = All plus those on waivers; 3 = Fellows; 4 = Associates; 5 = Appointed Actuaries; 6 = Actuarial Evidence; 7 = Life Actuaries; 8 = Pension Actuaries; 9 = P&C; 10 = Valuation Actuaries; 11 = Specific; 12 = Posted on Internet Only.

Interest Rates for Transfer and Marriage Breakdown Values for Pensions

<table>
<thead>
<tr>
<th>Month-End Canada Bond Yields*</th>
<th>August 2003</th>
<th>September 2003</th>
<th>October 2003</th>
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<tbody>
<tr>
<td>Long-term composite</td>
<td>5.40%</td>
<td>5.19%</td>
<td>5.33%</td>
</tr>
<tr>
<td>Real return bonds</td>
<td>3.15%</td>
<td>3.08%</td>
<td>3.00%</td>
</tr>
</tbody>
</table>

These month-end bond yields are used in the calculation of transfer and marriage breakdown values for pension benefits for the second month following. For example, the October yields affect calculation dates in December 2003. Members will have to add the applicable adjustment (0.30% or 0.25%) and convert to an effective annual rate, as described in the standards of practice. Also available on our website at <www.actuaries.ca/news_events/transfervalues_e.html>.


Missing Members Sought

If you know how to get in touch with the following members, please contact the Secretariat Membership Department at (613) 236-8196, ext. 119.

Jim C. Cole  
Robert Dallaire  
Gregory DeJong  
John English  

Lisa Giancola  
Ronald A. Goldthorpe  
John D. Green  
Steven D. Kim  
Fancy Leong  
Man K. Leung  
George London  
Jack V. Masterman  

Warren R. McGillivray  
Hugh McLeod  
François Morissette  
Don Palanacki  
Dad Shanour Remtoulah  
Stephan D. Sabourin  
Steven Savard  
Henry V.P. Wong
Announcements

The following announcements were sent to the CIA Announcements listserver during the month of October 2003. They are being reprinted in the Bulletin for those members who do not subscribe to the listserver.

Report of the CIA Subcommittee on Credit Risk
This report was prepared to assist actuaries in learning about credit risk. It provides an introduction to credit risk as well as modeling techniques and hedging strategies. [www.actuaries.ca/publications/2003/203087e.pdf]. Contact: Martin Roy, Chairperson of the Subcommittee on Credit Risk at his address in the Yearbook.

Report of the Task Force to Review Continuing Professional Development Requirements
The Task Force to Review Continuing Professional Development (CPD) Requirements was formed to recommend changes, where appropriate, to the current CPD requirements, which have been in place since 1991. In this report, the task force makes six recommendations for improving the CPD requirements. Report: [www.actuaries.ca/publications/2003/203091e.pdf]. Appendix A: [www.actuaries.ca/publications/2003/203091e-a.pdf]. Appendix B – Tables: [www.actuaries.ca/publications/2003/203091e-t.xls]. Contact: Wally Bridel, Chairperson, Task Force to Review CPD Requirements at his address in the Yearbook.

October 2003 Bulletin
This month’s feature article is, “Are We There Yet?” by Mike Lombardi. PDF Version: [www.actuaries.ca/publications/2003/203090e.pdf]. HTML Version: [www.actuaries.ca/publications/2003/203090e.htm]. Contact: Brenda Warnes, Bulletin Editor, at the Secretariat.

Update your Committee and Task Force Interest Online!
There is a new section on the CIA website which allows members to view and/or edit their profile in the Members Only section, their current committee and task force participation and interests. To access this new online tool, log into the Members Only section at [www.actuaries.ca/members/security/index.cfm] and select “Manage your Profile” and “Update your Committee/Task Force Interest”. Contact: Lynn Blackburn, Manager, Membership and Information Services at the Secretariat.

Minutes of the General Business Session of the June 2003 Annual Meeting
Link: [www.actuaries.ca/publications/2003/203092e.pdf]. Contact: Rick Neugebauer, Executive Director of the CIA at the Secretariat.

OSFI Releases 2003 Memorandum for Actuarial Reports on P&C Business
Please note that the 2003 Memorandum for Actuarial Reports on Property and Casualty Business has been posted to the Office of the Superintendent of Financial Institutions (OSFI) website [www.osfi-bsif.gc.ca/eng/publications/guidance/index_financial.asp#MemoPC]. Contact: Helmut Engels at his address in the Yearbook.

OSFI Releases 2002-2003 Annual Report
On October 1, 2003, the Office of the Superintendent of Financial Institutions (OSFI) announced the tabling of its 2002-2003 Annual Report in the House of Commons. The report describes a number of initiatives including taking a leading role in enhancing governance and transparency in financial institutions and Canada’s business sector and participating effectively in key international rule-making initiatives. [www.osfi-bsif.gc.ca/eng/documents/osfireports/docs/osfi2003_e.pdf]. Contact: Jason LaMontagne at (613) 990-7849.

June 2001 Proceedings (Volume 32, No. 2)
Corporate actuarial position, Swiss Reinsurance Company Canada
Performing and assisting with all appointed actuary functions including DCAT and policy liability. Implementing Economic Value Management concept including capital allocation model into all internal reporting functions. Implementing access based reserving system. Chance to work on the leading edge of financial analysis in the insurance industry.
Prerequisites: Strong knowledge of reserving techniques, DCAT, Microsoft Access and Excel are required. We are seeking an ACAS pursuing fellowship with a minimum of five years experience.
Swiss Reinsurance Company Canada is the Canadian property and casualty arm of the worldwide Swiss Re Group and is a market leader in the Canadian reinsurance industry. Swiss Re offers a wide range of traditional reinsurance products and related services, which are complemented by insurance-based corporate finance solutions and supplementary services. Swiss Re is rated “AA” by Standard & Poor’s, “Aa1” by Moody’s and “A+” by A.M. Best.
Please send résumés to: Kamla Bhim, Swiss Reinsurance Company Canada, 150 King Street West, P.O. Box 50, Suite 2200, Toronto, Ontario M5H 1J9; fax: (416) 408-0023.

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Bombardier Inc., a diversified manufacturing and services company, is a world-leading manufacturer of business jets, regional aircraft, rail transportation equipment and motorized recreational products. It also provides financial services and asset management in business areas aligned with its core expertise. Headquartered in Montréal, Canada, the Corporation has a workforce of some 75,000 people and manufacturing facilities in 25 countries throughout the Americas, Europe and Asia-Pacific. Its revenues for the fiscal year ended Jan. 31, 2003 stood at $23.7 billion Cdn. Bombardier shares are traded on the Toronto, Brussels and Frankfurt stock exchanges (BBD, BOM and BBDd.F).
Reporting to the Senior Director, Pension and Benefits, the main responsibilities of the Actuary are listed below:

**Summary of Responsibilities** – Analyse various pension plans and benefits programs offered to Bombardier’s employees worldwide; write or/and negotiate with external suppliers the pension plan texts or group insurance plan contracts; provide technical and analytical support to the Senior Director, Pension and Benefits and to the Actuary, Special Projects in specific projects for Canada, United States and Europe.

**Professional Qualifications** – University degree in actuarial or mathematical sciences fields; a minimum of five to ten years of pertinent work experience; excellent knowledge of French and English, both spoken and written; extensive knowledge of MS Office Windows, Word, Excel, PowerPoint and Access.

**Personal Qualities** – Able to manage several priorities and to meet tight deadlines; strong analytical and communication skills; ability to work with all levels of management; shows open-mindedness for multicultural environment; able to work independently, with relatively limited supervision.

The position is based in downtown Montréal. We adhere to the principles of employment equity.
If this position interests you, please forward your résumé through the website at: <www.careers.bombardier.com>, File Ref. Number: S-CAN-291.