

GISG Convention 1986

EducationAt the Crossroads1. The Demand for Actuaries

- (a) In round figures there are at present about 1,500 qualified actuaries employed in the U.K. and Republic of Ireland.

During the last 5 years there has been a fairly steady growth of about 35 each year made up of -

New qualifiers	80
Retirements and other exits	<u>45</u>
Net annual increment	<u>35</u>

- (b) A survey has been carried out recently among employers to ascertain the likely demand for qualified actuaries over the next 10 years.

The results indicate that by 1996 the requirements will be about 2,400. This figure does not take account of any extension of the actuarial involvement in general insurance. It is suggested that a further 100 should be added in this respect bringing the total to 2,500.

- (c) In other words between now and 1996 the numbers of Home employed actuaries will need to increase on average by about 100 each year, as compared with the current figure of 35.
- (d) It is not the intention of this note to indulge in an actuarial projection exercise, tempting though it is. However it needs to be remarked that the last 3 or 4 years have witnessed a marked growth in the numbers of new admissions; this should soon begin to be reflected, I hope, in a corresponding increase in the numbers of qualifiers.
- (e) Thus the position is not quite as bad as suggested by the comparative figures in (c) above. Nevertheless in the absence of any further action there will remain a yawning gap between the demand for qualified actuaries and the Institute's ability to teach them.

2. Recruitment

It might be imagined that the problem could be resolved by simply raising the level of recruitment of new students. However consideration of the following features suggests that such a course would encounter quite serious difficulties.

- (i) For demographic and other reasons the output of mathematical-based graduates from U.K. universities may, for a period, decline from the present level.
- (ii) There is a growing demand for mathematical-based graduates from other occupations and professions.

(iii) Although the Institute is raising its careers profile by a sustained campaign of publicity and information we are finding it difficult to overcome the poor image produced by the difficulty of our examinations and the label of '7 years hard'.

(iv) It may be remarked that even if the level of new admissions were raised significantly there would be only a limited impact on the numbers qualifying over the next 10 years because of the delayed-action effect of the 7 years average time taken to complete the examinations (this has been remarkably persistent in recent years including the 1986 qualifiers).

So it seems that recruitment, by itself, will not contribute significantly to a resolution of the problem.

3. The Time taken to Qualify

(a) It is apparent that if the present 7-year average could be reduced to 4 or 5 years it would of itself accelerate the numbers of new qualifiers during the next decade.

(b) It would also improve our careers image and enhance the prospects of raising the level of new recruitment.

(c) It would also help to stem the present drop-out rate. About two-thirds of each cohort of admissions lapse their membership; and our enquiries suggest that many students leave the profession because of disillusionment with the examinations.

4. The Education System

From the above commentary there emerges a clear objective.
REDUCE THE TIME TAKEN TO QUALIFY.

How can we bring that about?

I believe there is scope for much improvement in our system of actuarial education. It involves the more effective use of education manpower.

(a) Universities

I am committed to the idea of involving the universities in our education and tuition arrangements. The results of the inaugural Diploma courses at City and Heriot-Watt have been very encouraging. I am sure we must develop them further. We are also planning for university staff to become directly involved in the Institute's education service.

(b) Staff Tutors

We have our establishment of four full-time staff tutors at Staple Inn. Their immediate role is to take over much of the work of preparation of tuition material and to run an extended programme of tutorial classes. They are all qualified actuaries.

cont'd...

(c) Qualified Members

We have a long tradition of the voluntary involvement members in the education system as tutors, examiners and authors. To sustain the system entirely with these resources would require each Home qualified member to contribute 7 years of spare-time service. My latest analysis shows that the current average actually contributed is just under 4 years.

5. The Crossroads

The two figures quoted immediately above reveal a serious state of affairs, which is confirmed by this year's experience in trying to recruit tutors and examiners; there is a shortfall in the numbers of such proportions as to pose a threat to the continued maintenance of our service to students.

In the light of our objective of reducing the qualification time the shortfall is even more serious.

The time has come to answer two critical questions.

- (a) Are qualified members willing and able to contribute their spare time to the education system on the scale envisaged in 4(c) above?
- (b) If the answer to (a) is 'No' then we have little alternative but to develop the sources of manpower identified in 4(a) and 4(c). This will be very expensive. Are we willing to pay?

I believe we are at the crossroads, and we must act quickly and decisively to determine in which direction to point the education system. If we hesitate we will be unable to produce enough qualified actuaries to meet the potential demand for our services, and we will be overtaken by other professions keen to fill the vacuum.

W.W. Truckle
16 October 1986