

**NOVEMBER 9, 1990 LETTER REGARDING PARTITIONED
EXAMINATION SYSTEM**

Michael Toothman



CASUALTY ACTUARIAL SOCIETY

Michael L. Toothman
VP—Admissions

101 South Hanley
St. Louis, Missouri 63105
314-862-7611

DATE: November 9, 1990

TO: CAS Board of Directors

RE: Partitioned Exam Proposal

On September 12, I sent each of you a package of material on Exam Partitioning in preparation for the Board discussion which was held on Tuesday, September 18. Attached to that memorandum were a copy of the Education Policy Committee's White Paper from 1988 as well as a second draft of the report of the Partitioning Examination Task Force. Those two documents are still relevant and hopefully you had the opportunity to review them in preparation for our meeting on Sunday.

I'm attaching to this memorandum the following additional documents for your review:

- As Attachment 1, Gus Krause's letter of November 2 reporting the Education Policy Committee's recommendations on this subject as well as a summary of the discussion held at the Education Policy Committee meeting in New York on October 23.
- As Attachment 2, a draft of an article being prepared for the Actuary, entitled "Exam Performance Under FES". This article reports on the comprehensive analysis of exam statistics performed by the SOA office following their November 1989 exams and represents the most current set of exam statistics that are available within the SOA.
- As Attachment 3, a set of documents reporting results of a survey of SOA students taken about a year ago on the subject of their assessment of the SOA Flexible Education System (FES).

The 1988 White Paper concluded that a partitioned examination system would produce a better educated actuary and that such a system ought to be implemented if several additional areas of concern could be satisfactorily addressed. In the intervening two years, the area of concern that has drawn the greatest attention is travel time. I'm unaware of anyone who has challenged the conclusion that a partitioned system would produce a better educated actuary, though Kevin Ryan and others have made the distinction

between being "well educated" and "well prepared". Some people feel the degree of improvement in the educational process from partitioning would be significant; others believe that the improvement would be slight. Everyone seems to believe that there would be some degree of educational improvement.

The Partitioned Examination Task Force has recommended that Part 4 be partitioned but that no partitioning occur beyond Part 4 at this time and that a systematic study of performance by sub-part take place prior to any additional partitioning. The biggest concerns expressed by the PETF from my reading of the report are the travel time issue and our inability to predict with any high degree of certainty just how various proposals might affect travel time and student behavior. Also, though not expressed in the report, I believe there was a strong concern with proceeding with a system which did not seem to have the support of the students and perhaps not the support of our membership.

As can be seen from Attachment 1, the Education Policy Committee also recommends that we partition Part 4, effective in May 1992. The EPC also recommends that we not partition Parts 6 and 7 and that we defer consideration of partitioning for the Fellowship exams. On Part 5, the Committee was evenly divided. A summary of the EPC discussion on the Part 5 issue appears on Page 2 of Gus' letter.

Attachment 2 provides very interesting information with regard to travel time under FES within the SOA. The summary of this report appears on pages 1 and 2, but I would recommend a review of the entire report. I conclude from this report that average travel time has increased under FES, but that is largely due to the change in the make-up of the candidate population. Students who were successful under the old system are still succeeding under the new system and are not seeing their travel time increase unless they are deliberately choosing to proceed more slowly. The data indicates to me that it is not necessary for candidates to proceed more slowly for defensive reasons. Indeed, the fast track candidates, as well as the average candidates who are reaching Associateship by steady progress in the system, are not being slowed down appreciably by FES. Pass rates have actually been higher under FES. Also, the introduction of this system has not deterred the tremendous increase in the number of students taking the SOA exams. Although the data is not absolutely conclusive, this data in my mind more strongly supports the proposition that candidates succeeding under our current system will not be slowed down by a partitioned system than it would the proposition that currently successful candidates will have their travel time increased by a Partitioned Examination System.

Attachment 3 addresses the question of student reaction to a Partitioned Examination System. SOA students were negative toward FES before it was implemented. It now appears that the SOA student population is positive

towards this system. It is my belief that any significant change to our examination system will produce some anxiety in the student population simply due to the fact that they are comparing the current system that is known to them to an alternative that is not fully known. Students know how to handle the current system and they will learn how to function under a new system. Only after they've gotten use to a new system can their assessment be objective. We have the benefit of being able to measure assessment of SOA students to FES subsequent to implementation, and that assessment is positive.

With regard to the distinction between a well-educated actuary and a well-prepared actuary, I completely agree that our current examination system is producing good actuaries and that these individuals are not good actuaries solely because they have mastered a certain body of academic material but also because they possess certain intangible characteristics that are either necessary to successfully complete our examination process or molded by that process. It is my belief that these candidates would also succeed under a Partitioned Examination System. However, I believe it is also true that many individuals who would be successful actuaries are not successfully completing our entire examination process and that their failure is not due to a lack of intelligence or a lack of certain of the aforementioned intangible qualities. There is no need to make the process difficult purely for the sake of making it difficult. The ability to handle large volumes of material and the ability to manage our time resources well are both important to the success of actuaries. I would contend that leaving Parts 6 and 7 intact would provide an adequate hurdle for the testing of those capabilities. It is not necessary to keep the hurdles artificially high. In fact, if we wish to meet the demand for actuaries over the next decade, it is my belief that we need to increase the probability of success for those capable individuals who have an interest in our profession.

In summary, it is my belief that partitioning in general will improve the education of the students coming through our system and provide increased flexibility for those students so that they may proceed at their own pace. Keeping Parts 6 and 7 intact will provide a sufficient hurdle to assure that successful candidates do possess the various intangible characteristics that we believe are important to the success of an actuary. That is, successful candidates will continue to be well prepared as well as well educated. Partitioning will increase the probability that students will come out college with more examination credits; for these students chronological age at time they attain Fellowship may actually be reduced. Partitioning will not deter students that are being successful under our current system but will make it possible for good candidates who are not succeeding under the current system to obtain membership in the CAS.

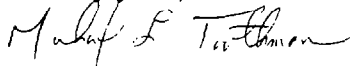
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For the above reasons, it is my recommendation that the following motions be positively acted upon by the Board of Directors:

1. That the Executive Council be charged with developing a Management Information System that will, at a minimum, allow the CAS to properly assess changes in travel time and exam performance and to manage the entire exam process.
2. That the CAS partition Part 4 into two exams, effective in 1992.
3. That the CAS partition Part 5 into two exams, with the effective date to be either in 1992 or 1993.
4. That the CAS not partition Parts 6 and 7.
5. That the CAS defer any decision with regard to the partitioning of the Fellowship examinations for at least three years so that we can adequately measure the effect of the above changes to the Associateship Syllabus.

I look forward to our meeting on Sunday.

Sincerely yours,



Michael L. Toothman, FCAS, MAAA, FCIA
Vice President - Admission

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cc: Executive Council

Attachments