

**DECEMBER 24, 1990 LETTER REGARDING PARTITIONED  
EXAMINATION SYSTEM**

*Charles Bryan*

.....





## CASUALTY ACTUARIAL SOCIETY

Charles A. Bryan  
President

277 Park Avenue  
30th Floor  
New York, NY 10172  
212-773-1871

December 24, 1990

TO: Members and Persons Pursuing Actuarial  
Designations of the Casualty Actuarial Society

RE: **Recent Board Decisions Regarding  
A Partitioned Examination System**

A Partitioned Examination System has been the focus of considerable study and discussion within the CAS over the last three years. Such a system has been the subject of two formal communications to our members during 1989 and the subject of study for a special task force. A request for membership and student input has resulted in many letters and in discussions at CAS meetings and meetings of regional affiliates. We are grateful for the amount of membership involvement that we have had on this subject.

At its November 11 meeting in New Orleans, the CAS Board of Directors received the final report of the Partitioned Examination Task Force and the recommendation of the Education Policy Committee and the Vice President-Admissions. The Board then took several actions to decide future policy on partitioning. The Board's decisions were first announced to the membership during the business session on Monday, November 12, in New Orleans. Since many of you may be unaware of these actions, this letter details the various steps leading to the Board's November actions and reports these actions to you.

### **September 1988 Board Action**

The CAS Education Policy Committee was asked to address the issue of whether the CAS should adopt a Flexible Education System, similar in some respects to that implemented by the Society of Actuaries. The Education Policy Committee report was presented to the Board of Directors at its September, 1988 meeting. That "White Paper" report presented an objective discussion of the advantages and disadvantages of a partitioned system. The entire "White Paper" was provided to the membership as an attachment to the President's letter of March 14, 1989. At the end of its report, the Education Policy Committee made the following recommendation:

As a result of our deliberations, the Education Policy Committee recommends that the CAS adopt a Partitioned Examination System, with no electives, for all of its examinations. This recommendation is principally founded on the basis of educational merit, including enhancements in the

ability of the CAS to achieve educational objectives and in the quality of education, without affecting materially the type of FCAS graduate produced.

The Education Policy Committee report concluded with a section entitled "Additional Considerations for Implementation." In that section, the committee listed six additional considerations:

1. There should be minimal effect due to any new system on candidates succeeding under the current system.
2. Travel time should be affected as little as possible.
3. Effective implementation requires that the Syllabus and Examination Committees be well informed as to the deliberations leading up to the adoption of the new system. Representatives from these committees should be directly involved throughout the implementation process.
4. Employers must be well informed.
5. Performance standards must be established, monitored, and evaluated very carefully to assure fair and equitable treatment of all candidates.
6. Consideration must be given to the mode of implementation, i.e., a staged implementation versus all examinations at once.

It is therefore further recommended that implementation plans be codified, with the intended effect in all such areas clearly described and subject to an approval process that includes the Board.

The Board of Directors adopted the recommendations of the Education Policy Committee's report by unanimously passing the following motions:

That the CAS Board endorses the concept of smaller examination units for Parts 4 through 10. It directs the Vice President-Membership to develop a detailed implementation plan and schedule which addresses, at a minimum, all of the additional considerations for implementation itemized in the Education Policy Committee's report plus seeking input from students about this concept.

### **1989 Activity**

Subsequent to the 1988 Board action, the Partitioned Examination Task Force, chaired by Jerry Degerness, was created to determine whether an implementation plan could be developed which satisfactorily addressed the various additional considerations itemized by the Education Policy Committee. In addition, input was sought from our membership and students, via the President's letter to the membership of March 14, 1989; the VP-Admissions's letter to the membership of August 10, 1989; a student survey conducted by

the Partitioned Examination Task Force; and numerous presentations and discussion sessions at CAS and regional affiliate meetings.

In addition to Jerry Degerness, the Partitioned Examination Task Force was staffed by eight hardworking individuals representative of a significant cross-section of the CAS, by type of work, length of CAS membership, and geography. The Task Force's assignment proved even more demanding than originally anticipated, and the individuals on this Task Force have all contributed significantly to the Task Force and the Casualty Actuarial Society. They deserve our heartfelt thanks and appreciation.

### **Partitioned Examination Task Force Recommendations**

We anticipate publishing the final report of the Partitioned Examination Task Force in an upcoming issue of the Actuarial Forum. The Board considered a draft of this report at its September, 1990 meeting. An oral presentation of the PETF recommendations was also made at that meeting and substantive and lengthy discussion took place. The recommendations of the PETF were:

1. Require systematic study of performance by sub-part prior to every partitioning and Syllabus reorganization decision.
2. Charge the Vice President-Administration (CAS office) with collecting and reporting demographic information which may be related to exam performance.
3. Subject to the appropriate study, partition Part 4 into 4A (interest and life contingencies) and 4B (credibility theory and loss distributions).
4. Not partition, at this time, beyond Part 4.

### **Education Policy Committee Recommendations**

The Education Policy Committee considered the PETF recommendations at its October 23 meeting. The recommendations of the Education Policy Committee were:

1. Partition Part 4 effective in May of 1992.
2. On part 5, the committee was evenly divided (3 yes, 3 no) as to whether Part 5 should be partitioned in the near future.
3. Not partition Parts 6 and 7 for the foreseeable future.
4. Defer consideration of partitioning the Fellowship exams for the foreseeable future.
5. The committee also suggested continued study of the potential for partitioning of exams beyond the Part 4 and Part 5 level but felt that

such study should be part of a broader review of the examination process and structure.

6. Finally, the committee recommended that the Board authorize the creation of a database along the lines suggested by the Partitioned Examination Task Force and that work on the database begin as soon as practical.

### **Vice President-Admissions Recommendations**

The Vice President-Admissions presented the Board with the report of the PETF, the recommendations of the Education Policy Committee and a letter that provided the Board with an analysis of the various advantages and disadvantages of a partitioned system. It was his 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 pieces, effective in 1992.
3. That the CAS partition Part 5 into two pieces, 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.

### **Board Action**

Between the September and November Board meetings, Board members exchanged with each other, in writing, their own feelings on this very important subject. Substantial discussion and debate took place at the November 11 Board Meeting. The Board placed great weight on the advantages of a better capability to keep the syllabus current and to improve the educational system for casualty actuaries. The Board decisions may be summarized as follows:

- Part 4 will be partitioned effective May of 1992.
- Parts 5 will be partitioned effective November of 1993.
- Both Parts 4 and 5 will be given twice a year beginning with the exam session when the exam is first partitioned. Part 4 will be

given twice a year beginning in May of 1992 and Part 5 will be given twice a year beginning with the November 1993 exam.

- Parts 6 and 7 will not be partitioned.
- Consideration of partitioning for the Fellowship exams will be deferred for a least three years.
- The transition rule currently in place for Part 5 will be extended for one year through 1992. Since Part 5 will then be partitioned beginning with the 1993 administration, any individual who currently has credit for one of the two pieces of Part 5 will no longer have the possibility of losing that credit if the other half of the exam is not passed by the end of the transition period.

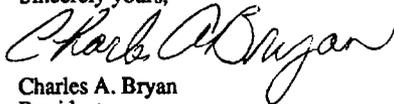
As clarification to the above items, Part 4 will be partitioned into two pieces: 4A will cover life contingencies and compound interest; 4B will cover credibility and loss distributions. Part 5 will be partitioned into two pieces: 5A will cover economics and risk theory; 5B will cover finance.

The need to develop a comprehensive Management Information System was deemed so obvious that no motion was considered necessary. This objective is included in the Executive Council Goals for 1991.

In the interest of full disclosure, it is our intention to publish the original report of the Education Policy Committee, the report of the PETF and the letters containing the most recent recommendations of the Education Policy Committee and the Vice President-Admissions in a forthcoming issue of the Actuarial Forum. For those of you who wish further information on this subject, we recommend those items to you.

All of us who participated in the discussions concerning partitioning examinations appreciate that not everyone agrees with the decision to partition examinations 4 and 5. However, there were strong and convincing arguments presented that indicated partitioning these examinations would improve the educational system. Consistent with its responsibilities, the Board chose to base its decision on what it believed to be in the best interests of both our present and future members. I believe that our members, after reviewing all the available material and deliberations, will agree that both the process and the decision were consistent with the fine traditions of our Society.

Sincerely yours,



Charles A. Bryan  
President  
Casualty Actuarial Society

