

REPORT OF THE VICE PRESIDENT-ADMINISTRATION

This report provides a summary of CAS activities since the 1998 CAS Annual Meeting. I will first comment on these activities as they relate to the following purposes of the Casualty Actuarial Society as stated in our Constitution:

1. Advance the body of knowledge of actuarial science applied to property, casualty, and similar risk exposures;
2. Establish and maintain standards of qualifications for membership;
3. Promote and maintain high standards of conduct and competence for the members; and
4. Increase the awareness of actuarial science.

I will then provide a summary of other activities that may not relate to a specific purpose, but yet are critical to the ongoing vitality of the CAS. Finally, I will summarize the current status of our finances and key membership statistics.

The CAS call paper programs and the publication of the *Proceedings* and the *Forum* contribute to the attainment of the first purpose. In addition to the *Proceedings*, three volumes of the *Forum* and the Spring Meeting discussion paper program were published and distributed to members in 1999.

The 1998 *Proceedings* was published in two books for the first time with a total of 1138 pages, the greatest number of pages yet for any *Proceedings*. Included in this volume were sixteen papers and five discussions.

The spring 1999 edition of the *Forum* included six reinsurance call papers plus four additional papers.

The summer 1999 edition of the *Forum* included eight dynamic financial analysis discussion papers as well as an additional paper.

The fall 1999 edition of the *Forum* included thirteen reserving call papers plus two additional papers.

A volume titled *Securitization of Risk* included nine papers from the Spring Meeting discussion paper program.

Note that two of the above volumes focussed on topics that are relatively new to the insurance industry: dynamic financial analysis and risk securitization. The CAS has taken a proactive role in stimulating research and educating its members in developing areas.

In regards to the second purpose, the new syllabus for the revised CAS examination process was released. There will continue to be seven exams required for Associateship, but Fellowship will require nine exams rather than the current ten. The first four exams will be jointly administered with the Society of Actuaries (SOA). The new structure will be effective in the year 2000.

A new class of CAS membership was created in 1998: Affiliate. Affiliate members can participate as active CAS members without becoming Associates or Fellows, but they will not have voting rights nor be able to use the designations ACAS or FCAS. In 1999, nine Affiliate members were admitted.

CAS membership continues to grow with 217 new Associates and 137 new Fellows in the last year. The total membership now stands at 3,283. A total of 6,511 candidates registered for 1999 CAS exams.

The CAS Task Force on Mutual Recognition examined whether the CAS should enter into bilateral agreements with other actuarial organizations to grant reciprocal Fellowship status. The task force's report pointed out that the American Academy of Actuaries has a process to allow qualified actuaries to practice in the U.S., that the CAS now offers Affiliate membership, and that some CAS examination waivers are available to actuaries of other exam-giving organizations. The Board

resolved not to enter into agreements granting reciprocal Fellowship status.

The third purpose is partially achieved through a quality program of continuing education. The CAS provides these opportunities through the publication of actuarial materials and the sponsorship of meetings and seminars. This year's sessions included:

Meetings:

	<i>Location</i>	<i>Registrants</i>
Spring	Orlando, FL	787
Annual	San Francisco, CA	727

Seminars:

<i>Topic</i>	<i>Location</i>	<i>Month</i>	<i>Registrants</i>
Ratemaking	Nashville	March	508
Financial Risk Management	Denver	April	157
Reinsurance	Baltimore	June	244
Dynamic Financial Analysis	Chicago	July	209
Casualty Loss Reserves	Scottsdale	September	524
CIA/CAS Appointed Actuary	Montréal	September	300
Health and Managed Care	Hilton Head	October	82
Course on Professionalism	Six locations		217

Limited Attendance Seminars:

<i>Topic</i>	<i>Location</i>	<i>Month</i>	<i>Registrants</i>
Advanced Dynamic Financial Analysis	Boston, MA	July	41
Dynamic Financial Analysis (2)	New York, NY; San Francisco, CA	May; October	32, 35
Managing Asset and Investment Risk	Chicago, IL	April	21
Principles of Finance	Boston, MA	June	23
Practical Applications of Loss Distributions (2)	Washington DC; Los Angeles, CA	January; July	40, 27
Reinsurance	New York, NY	August	63

A new CAS Regional Affiliate, Casualty Actuaries of the Desert States, was recognized. The CAS Regional Affiliates pro-

vide valuable opportunities for members to participate in educational forums at less expense and travel than national meetings and seminars.

The CAS publication *Foundations of Casualty Actuarial Science* is being updated. Authors submitted their first drafts for revised chapters, which are being reviewed by the Textbook Rewriting Committee.

To increase the awareness of actuarial science, the fourth purpose, the CAS, jointly with the SOA, sponsors Actuarial Career Information Fairs and other activities. In order to attract more minority students to actuarial science, the Joint CAS/SOA Committee on Minority Recruiting awarded 35 \$1,000 scholarships to minority students.

The CAS Web Site, now in its fourth year of existence, supports all four purposes. Following are some highlights from the past year:

1. The home page was redesigned. It loads more quickly, includes more menu items and is scroll free.
2. The Web site search engine was upgraded.
3. Thirty past volumes of the *Proceedings* now can be downloaded from the site.
4. Members are now able to respond to the Participation Survey, Research Survey, and Survey on Nontraditional Practice Areas online.
5. A new section for academics was created.
6. A total of 151 job openings were posted for a fee over the last year in our advertising section, helping to defray the cost of maintaining the Web site.

Also, electronic distribution via e-mail of CAS announcements was initiated in 1999 with 70% of the members participating.

Constitution changes pertaining to the officers of the Society and the composition and duties of the Executive Council were approved by the Fellows on July 31, 1999. Subsequently, the Board of Directors approved the addition of a sixth vice president and elected LeRoy A. Boison to serve in the new position of Vice President-International. The Executive Council then approved three new committees under the Vice President-International: International Oversight, IAA Liaison, and International Issues. These structural changes recognize the need for additional CAS efforts in international activities.

The Research Policy and Management Committee reviewed and evaluated the CAS's research process and its effectiveness. Their Review of CAS Research report was presented to the Board in September. This report concluded that the CAS currently has a significant amount of casualty actuarial research. The challenge is to find ways to make that research more accessible to the members and to expand the research efforts beyond those conducted on a voluntary basis. The report included the results of a 1999 membership survey on CAS research, and made recommendations to increase the value of research to practicing actuaries. These recommendations will be incorporated into the 1999-2000 goals of the Vice President-Research and Development.

The report on the results of the 1998 CAS Membership Survey (conducted every five years) also was presented to the Board in September. A copy of the report was posted on the CAS Web Site. The Executive Council will use the feedback in planning goals for 1999-2000 and after.

The Task Force on Nontraditional Practice Areas presented its report to the Board in November. The task force made recommendations on how the CAS can better serve its members practicing in nontraditional areas, and provide additional opportunities for members interested in working in these areas. Nontraditional areas identified as priorities were asset/liability management and investment policy, valuation of property/casualty

insurance companies, enterprise risk management, and securitization/risk financing. It was also recommended that instruction on general business skills be included in the CAS continuing education program. The Board approved recommendations for new CAS initiatives in research and education in nontraditional areas.

The CEO Advisory Task Force also reported its findings to the Board in November. Fourteen property and casualty insurance industry leaders were interviewed to determine how well actuaries are meeting the needs of their organizations. The leaders discussed the skills and talents needed to meet current and future business challenges. The Long Range Planning Committee is reviewing the report and will recommend actions to the Board.

Joint activities with the SOA continue. The CAS is participating on the Joint CAS/CIA/SOA Task Force on Academic Ties, and their report will be distributed to the membership for review and comment. A joint CAS/SOA Board meeting was held on September 16, 1999 for getting to know each other, sharing ideas and discussing topics of common interest.

New members elected to the Board of Directors for next year include Amy S. Bouska, Stephen P. D'Arcy, Frederick O. Kist, and Susan E. Witcraft. The membership elected Patrick J. Grannan to the position of President-Elect, while Alice H. Gannon will assume the presidency.

The Executive Council, with primary responsibility for day-to-day operations, met either by teleconference or in person at least once a month during the year. The Board of Directors elected the following Vice Presidents for the coming year:

Vice President-Administration, Curtis Gary Dean

Vice President-Admissions, Mary Frances Miller

Vice President-Continuing Education, Abbe S. Bensimon

Vice President-International, LeRoy A. Boison

Vice President-Programs and Communications, David R. Chernick

Vice President-Research and Development, Gary R. Josephson

The CPA firm of Langan Associates was engaged to examine the CAS books for fiscal year 1999 and its findings will be reported by the Audit Committee to the Board of Directors in February 2000. The fiscal year ended with unaudited net income from operations of \$338,255 compared to a budgeted loss of \$7,035. This higher than expected net income was primarily the result of exam income from higher than expected exam enrollments in anticipation of the syllabus changes taking effect in the year 2000.

Members' equity now stands at \$3,074,859. This represents an increase in equity of \$161,898 over the amount reported last year. With rising interest rates in 1999, there was an unrealized loss of \$157,000 to adjust the CAS's marketable fixed income investments to market value, which dampened the increase in members' equity.

For 1999-2000, the Board of Directors has approved a budget of approximately \$4.3 million, an increase of \$400,000 over the prior fiscal year. Members' dues for next year will be \$290, an increase of \$10, while fees for the Subscriber Program will increase by \$10 to \$360. A \$20 discount is available to members and subscribers who elect to receive the *Forums* and *Discussion Paper Program* in electronic format from the Web site.

Respectfully submitted,
Curtis Gary Dean
Vice President-Administration