Casualty Actuarial Society

1993 Syllabus of Examinations

Rules Regarding Examinations for Admission

Recommendations for Study

Thirty-Eighth Edition
Foreword

The Casualty Actuarial Society was organized in 1914 as the Casualty Actuarial and Statistical Society of America, with 97 charter members of the grade of Fellow; the Society adopted its present name on May 14, 1921.

Actuarial science originated in England in 1792, in the early days of life insurance. Due to the technical nature of the business, the first actuaries were mathematicians.

In the beginning of the 20th century in the United States, problems requiring actuarial treatment were emerging in sickness, disability, and casualty insurance—particularly in workers’ compensation, which was introduced in 1911. The object of the Society was, and is, the promotion of actuarial and statistical science as applied to insurance other than life insurance. Such promotion is accomplished by communication with those affected by insurance, presentation and discussion of papers, attendance at seminars and workshops, collection of a library, research, and other means.

Since the problems of workers’ compensation were the most urgent, many of the Society’s original members played a leading part in developing the scientific basis for that line of insurance. From the beginning, however, the Society has grown constantly, not only in membership, but also in range of interest and in scientific and related contributions to all lines of insurance other than life, including automobile, liability other than automobile, fire, homeowners, commercial multiple peril, and others. These contributions are found principally in original papers prepared by members of the Society and published in the annual Proceedings.

The membership of the Society includes actuaries employed by insurance companies, industry advisory organizations, national brokers, accounting firms, educational institutions, state insurance departments, and the federal government; it also includes independent consultants.
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Syllabus Goals and Objectives

One of the primary objectives of the Casualty Actuarial Society is the development of qualified professionals in the field of casualty actuarial practice. The Casualty Actuarial Society conducts an educational and examination program for prospective members in order to achieve this objective. The Syllabus goals and objectives are as follows:

1. To develop a general understanding of the social, political, regulatory, legal, and economic environment of the business of property and casualty insurance and the historical development of that environment.

2. To develop a thorough understanding of the fundamental mathematical concepts applicable to solving insurance problems and a high degree of skill in their applications.

3. To develop a comprehensive understanding of the business of property and casualty insurance, including underwriting, claims, marketing, and finance, and how these functions are performed and interrelate.

4. To develop a working knowledge of insurance policies and contracts.

5. To develop an expert knowledge of a broad range of techniques to solve insurance problems, and to develop the ability to discern the appropriateness of techniques for particular applications based on a knowledge of the underlying assumptions, strengths, and weaknesses.

6. To develop an expert knowledge of a broad range of relevant and standard actuarial practices in order to present a framework for the use of problem-solving techniques.

7. To encourage a sense of inquisitiveness and creativity towards insurance problem-solving in order to foster an appreciation of the art of actuarial science.
Examination Handbook

The CAS Education and Examination System

The CAS education and examination system is supervised by the CAS Vice President-Admissions and is supported by four committees:

1. The Education Policy Committee establishes the goals and objectives of the CAS education and examination system to ensure that the needs of the Society, its members, and its potential members are met. The committee also monitors the operations of the other educational and examination committees to ensure continued effectiveness.

2. The Syllabus Committee determines the scope and content of the CAS Syllabus and course of readings for CAS examinations.

3. The Examination Committee organizes, manages, administers, and grades the CAS examinations. The committee also establishes the standards to be achieved by successful candidates.

4. The Committee on the Course on Professionalism establishes the content of the CAS Course on Professionalism and oversees its administration.

All committee members are volunteers who donate their time and resources to the CAS.

Organization of the Examination Committee

The Examination Committee is supervised by a Chairperson responsible for the overall administration of the CAS examinations. The Chairperson is assisted by several senior committee officers with titles Vice Chairperson and Assistant Vice Chairperson. The committee is subdivided into Examination Part Committees each headed by an Examination Part Chairperson. The responsibility for each CAS examination is assigned to a part committee that writes, grades, and maintains the standards for that examination. Each part committee is assisted by an Exam Consultant, a CAS member who is an expert on the material covered by that exam. In addition, some part committees are assisted by Academic Consultants, independent experts from the academic community.

Recommendations for Study

The “Recommendations for Study” which start on page 29 of this Syllabus are regularly reviewed by members of the Syllabus Committee. Both short- and long-term goals for improvement are developed. Textbooks and articles may be designated for inclusion in the recommendations. If the committee determines that new study material needs to be developed or that existing material needs to be revised, the committee may commission the creation of Study Notes for inclusion in the recommendations. Every effort is made to develop material that is appropriate, relevant, up-to-date, concise, and well-written. Suggestions for improvement are always welcome and should be directed to the Syllabus Committee.

Development of Examinations

Each examination is drafted by the responsible Examination Part Committee to test candidates’ knowledge of the material listed in the “Recommendations for Study.” The individual part committee, Exam Consultants, one of the Examination Committee Vice Chairpersons, the Examination Committee Chairperson, and, in some cases, Academic Consultants review each examination to assure its quality.
Every effort is made to ensure that the questions fall within the scope of the recommendations. Complete coverage of all recommended material is not practical for every examination every year. The goal is to produce examinations that contain representative, high-quality questions that test candidates’ knowledge of the material. Trick questions are deliberately avoided, and the wording of each question is considered carefully to eliminate possible ambiguities. Preliminary versions of each examination are thoroughly reviewed in relation to all of these factors before the final examination is approved.

Rules Regarding Examinations for Admission

Dates of Examinations

(Exact starting times will be announced.)

<table>
<thead>
<tr>
<th>PART</th>
<th>DATE OF 1993 EXAMINATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (SOA Course 100)</td>
<td>February 9, May 11, November 9¹</td>
</tr>
<tr>
<td>2 (SOA Course 110)</td>
<td>February 9, May 11, November 9¹</td>
</tr>
<tr>
<td>3A (SOA Course 120)</td>
<td>May 18, November 16¹</td>
</tr>
<tr>
<td>3B</td>
<td>May 3, November 3</td>
</tr>
<tr>
<td>3C (SOA Course 135)</td>
<td>May 18, November 16¹</td>
</tr>
<tr>
<td>4A</td>
<td>May 5, November 1</td>
</tr>
<tr>
<td>4B</td>
<td>May 5, November 1</td>
</tr>
<tr>
<td>5A</td>
<td>November 5</td>
</tr>
<tr>
<td>5B</td>
<td>November 5</td>
</tr>
<tr>
<td>6</td>
<td>May 7</td>
</tr>
<tr>
<td>7</td>
<td>November 4</td>
</tr>
<tr>
<td>8</td>
<td>May 4</td>
</tr>
<tr>
<td>9</td>
<td>November 3</td>
</tr>
<tr>
<td>10</td>
<td>May 6</td>
</tr>
</tbody>
</table>

¹All information for Parts 1, 2, 3A, and 3C (SOA courses 100, 110, 120, and 135) is tentative for November 1993. A final Society of Actuaries Syllabus reflecting any changes in dates, fees, and content will be published in May 1993 and distributed coincident with transmittal of grades to all candidates registered for Parts 1-3 in May 1993.

Examination centers are listed on the application and are administered in such cities as will be convenient. The Vice President-Admissions will announce the exact times and locations at which the examinations will be
Individual consideration will be given to providing special arrangements for persons with demonstrable impairments which would impose a severe handicap if examinations were taken under normal conditions. Advance notice that special arrangements will be needed must be provided to the CAS Office when applying to write an examination.

Recent Changes in Part 3 and Part 5 Examinations

Beginning in November 1990, Operations Research is no longer a required topic for CAS students. It has been replaced by Finance, which is an increasingly important topic for actuaries. For more information on changes in major topics, please refer to page 22 of this Syllabus.

To accomplish this, and some other goals, there has been a realignment of the Part 3 and Part 5 examination topics beginning in November 1990. After May 1990, SOA Course 130 (Operations Research), formerly CAS Part 3b, is no longer sponsored by the CAS. In its place, a new examination part, Introduction to Property and Casualty Insurance (denoted as Part 3B), is now offered. This examination part covers property and casualty coverages, operations, and an introduction to ratemaking and reserving.

Coverages and Operations are no longer tested on Part 5. A section on Finance has been added instead, based in large measure on an MBA-level textbook.

Transition Rules

Candidates who have received credit for Parts 3b and 5 on or before the May 1990 examinations receive credit for the new Parts 3B and 5.

Candidates with credit for Part 3b (Operations Research), but not Part 5, after the results of the May 1990 examinations, receive credit for Part 5B (Finance). They do not receive credit for the new Part 3B (Introduction to Property and Casualty Insurance).

Candidates with credit for Part 5, but not Part 3b, prior to the November 1990 examination, receive credit for Part 3B and Part 5A (Economics and Risk Theory).

Beginning in 1993, Part 5 will no longer be given but Parts 5A and 5B will be given in November. Beginning in 1994, Parts 5A and 5B will be given in both May and November.

<table>
<thead>
<tr>
<th>Passed Old Exam</th>
<th>Received Credit for New</th>
<th>Required to Pass</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parts 3b and 5</td>
<td>5 and 3B</td>
<td>Neither 5 nor 3B</td>
</tr>
<tr>
<td>Part 3b, but not 5</td>
<td>5B</td>
<td>5A and 3B</td>
</tr>
<tr>
<td>Part 5, but not 3b</td>
<td>5A and 3B</td>
<td>5B</td>
</tr>
</tbody>
</table>

Joint Administration

The examinations for Parts 1, 2, and 3(A, C) are jointly administered by the Casualty Actuarial Society and the Society of Actuaries.

The CAS is a joint sponsor of the prizes awarded for the highest scores on the Part 1 examination.

Filing of Applications

Parts 3B, 4-10

All candidates filing for an examination(s) must submit an application for each examination period. Application forms are enclosed in this Syllabus.

Each application, along with the appropriate examination fee (in check, draft, or money order in U.S. or Canadian funds, made payable to the Casualty Actuarial Society), must be sent to:

Casualty Actuarial Society  
P.O. Box 425  
Merrifield, VA 22116-0425

The application for Parts 3B, 4-10 must be received by the CAS Office by March 20 for the May examinations, and by September 20 for the November examinations.

Candidates will receive an acknowledgement of receipt of their applica-
the November examinations. This acknowledgement is a candidate’s receipt of exam fees paid.

Parts 1-3 (excluding Part 3B)

Candidates who wish to take one or more of Part 1 (SOA Course 100), Part 2 (SOA Course 110), Part 3A (SOA Course 120) and Part 3C (SOA Course 135) must file an application form with the Society of Actuaries. For Parts 1, 2, 3A, and 3C, application forms and the appropriate examination fee (in the form of a check, draft, or money order) must be made payable to and mailed to the Society of Actuaries at the following address:

Society of Actuaries
P.O. Box 95668
Chicago, IL 60694

The applications for Parts 1-3 (excluding 3B) must be received by the Society of Actuaries by December 20 for the February Parts 1 and 2 examinations, by March 20 for the May examinations, and by September 20 for the November examinations.

Fees

Examination fees must be paid each time a candidate registers for an examination. All fees for CAS exams are payable in U.S. and Canadian funds in the form of a check, draft, or money order. A $15 surcharge ($22 Canadian) will be assessed for all returned checks. Tax receipts must be requested at the time of registration. No tax receipts will be issued after the exam.

Candidates writing any of the examinations for Parts 1, 2, and 3(A, C) overseas, or at a specially-arranged center, must pay an additional $35 fee (contact the SOA for Canadian fees) per examination session (February, May, or November).

Because Parts 3A and 3C are jointly administered by the CAS and the SOA and Part 3B is administered solely by the CAS, candidates taking a combination of these parts must submit an application to both the SOA and CAS. (See page 11 for more information on submitting applications and fees.) The fee for Part 3B, in this case, is $30 ($40 Canadian) for full-time college students, $40 ($52 Canadian) for employed (other) candidates, and it must be paid to the CAS. To determine Canadian fees for Parts 1, 2, 3A, and 3C, please contact the Society of Actuaries.

On the next page are the examination fee schedules for May 1993 and November 1993, at time of publication. Fees are subject to change. Canadian fees include a $4 service charge.
### MAY 1993

<table>
<thead>
<tr>
<th></th>
<th>Full-Time College Students</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
<td>Canada</td>
</tr>
<tr>
<td>Part 1 (non-refundable)</td>
<td>$35</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Part 2 (non-refundable)</td>
<td>$35</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Part 3A</td>
<td>$60</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Part 3B</td>
<td>$70</td>
<td>$88</td>
</tr>
<tr>
<td>Part 3C</td>
<td>$53</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Parts 3A + 3B</td>
<td>$90</td>
<td>$40 (3B only, contact SOA for 3A)</td>
</tr>
<tr>
<td>Parts 3A + 3C</td>
<td>$73</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Parts 3B + 3C</td>
<td>$83</td>
<td>$40 (3B only, contact SOA for 3C)</td>
</tr>
<tr>
<td>Parts 3A + 3B + 3C</td>
<td>$103</td>
<td>$40 (3B only, contact SOA for 3A, 3C)</td>
</tr>
<tr>
<td>Part 4A</td>
<td>$35</td>
<td>$46</td>
</tr>
<tr>
<td>Part 4B</td>
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<td>$76</td>
</tr>
<tr>
<td>Part 6</td>
<td>$95</td>
<td>$118</td>
</tr>
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<td>Part 8</td>
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<td>$118</td>
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<tr>
<td>Part 10</td>
<td>$95</td>
<td>$118</td>
</tr>
</tbody>
</table>

### NOV. 1993

<table>
<thead>
<tr>
<th></th>
<th>Full-Time College Students</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
<td>Canada</td>
</tr>
<tr>
<td>Part 1 (non-refundable)</td>
<td>$35</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Part 2 (non-refundable)</td>
<td>$35</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Part 3A</td>
<td>$65</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Part 3B</td>
<td>$70</td>
<td>$88</td>
</tr>
<tr>
<td>Part 3C</td>
<td>$57</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Parts 3A + 3B</td>
<td>$95</td>
<td>$40 (3B only, contact SOA for 3A)</td>
</tr>
<tr>
<td>Parts 3A + 3C</td>
<td>$82</td>
<td>Contact SOA</td>
</tr>
<tr>
<td>Parts 3B + 3C</td>
<td>$87</td>
<td>$40 (3B only, contact SOA for 3C)</td>
</tr>
<tr>
<td>Parts 3A + 3B + 3C</td>
<td>$112</td>
<td>$40 (3B only, contact SOA for 3A, 3C)</td>
</tr>
<tr>
<td>Part 4A</td>
<td>$35</td>
<td>$46</td>
</tr>
<tr>
<td>Part 4B</td>
<td>$60</td>
<td>$76</td>
</tr>
<tr>
<td>Part 5A</td>
<td>$60</td>
<td>$76</td>
</tr>
<tr>
<td>Part 5B</td>
<td>$35</td>
<td>$46</td>
</tr>
</tbody>
</table>

### Registering for 3B with 3A and/or 3C

Candidates who register for Parts 3B with 3A and/or 3C must submit applications to both the Casualty Actuarial Society and the Society of Actuaries.

The example instructions below provide information on how to submit applications and fees to the appropriate organizations. **Note:** The example instructions quote exam fees for the May 1993 exams in U.S. funds. Those candidates registering for Part 3B along with 3A and/or 3C for the November sitting should refer to the November 1993 exam fee chart. Candidates wishing to use Canadian funds should refer to the fee charts on page 10.

For example:

A full-time college student who registers for Parts 3A and 3B would send:

a. $30 (exam fee for Part 3B) with application to the Casualty Actuarial Society;

b. $40 (base fee) + $20 (course fee for 3A) with application to the Society of Actuaries.

An employed (other) candidate who registers for Parts 3A and 3B would send:

a. $40 (exam fee for Part 3B) with application to the Casualty Actuarial Society;

b. $40 (base fee) + $30 (course fee for 3A) with application to the Society of Actuaries.

The fee structure for Part 3 is based on a candidate fee of $40 regardless of the number of subparts taken in one sitting plus $30 ($20 for full-time college students) for Part 3A, $40 ($30 for full-time college students) for Part 3B, and $20 ($13 for full-time college students) for Part 3C.

### Late Registration, Refunds, and Transfer of Fees

If the application and regular fees are not received on or before the deadlines of March 20 for the May examinations or September 20 for the November examinations, candidates wishing to write an examination in North America must pay a late registration fee in addition to the regular fee.

The late registration fee for Part 3A is $30, for Part 3B is $40, and for Part 3C is $30.
SOA for the Canadian equivalent). Late registrations will not be accepted from candidates writing outside North America. In no case will applications be accepted after April 15 for the May examinations or after October 15 for the November examinations.

For the February administration of Part 1 and Part 2, the registration deadline is December 20. After December 20, any candidate wishing to write Part 1 or 2 in February must pay a late registration fee. No applications will be accepted after January 15. Due to the January release date for November examination results, candidates who wrote the November 1992 Parts 1 or 2 examination may register until January 15 without assessment of a late registration fee. Similarly, candidates who write Part 1 or 2 in the February session may register until April 15 for the May examination session without assessment of a late registration fee. Candidates who wish to apply for Parts 3B, 4-10, and wrote Parts 1 or 2 in February may register until April 15 for the May examinations without assessment of a late fee.

Any registered candidate who requests a change in examination center must pay a $20 ($28 Canadian) change-of-center fee. (Contact the Society of Actuaries for its change-of-center fee in Canadian funds.) No change of center requests will be accepted after January 15 for the February examinations, April 15 for the May examinations, or October 15 for the November examinations.

If a request for late registration or change of center occurs, every effort will be made to have the candidate’s records and supplies on hand at the appropriate center in time for the examination. If this effort fails, however, the sponsoring organizations are not responsible. If either a candidate’s registration and fees or request for change of center are received so late that it is not feasible to arrange for the candidate to write the examination, the fees will be refunded. The administering organizations are not responsible for difficulties caused by postal service delays or inadequate postage.

Any candidate who submits an application for any of Parts 3A or 3C and subsequently does not write one or more of these subparts should request an examination fee refund. This request must reach the Society of Actuaries no later than June 30 for a May examination or December 31 for a November examination. Later requests will not be considered. A $40 administrative fee per examination is assessed for all refunds. (Contact the Society of Actuaries for the Canadian equivalent.) Therefore, no refund is due unless the total fees for the subparts not written exceed $40.

for Parts 3A, 3B, and 3C are refundable. Late registration fees, change-of-center fees, and fees for writing overseas or at specially-arranged centers will not be refunded in any case.

Parts 3B, 4-10

Examination fees are payable each time a candidate registers for an examination. Fees in the form of check, draft, or money order in U.S. or Canadian funds payable to the Casualty Actuarial Society must be received by the CAS Office by March 20 for the May examinations or by September 20 for November examinations.

Late registrations will be accepted through April 15 and October 15 if accompanied by a $50 ($64 Canadian) late registration fee for each part. Change-of-center fees will be $20 ($28 Canadian) and must be received by the CAS Office no later than April 15 for the May exams and October 15 for the November exams.

Any candidate who has filed an application and finds it impossible to take the examination should request a refund of his/her examination fee. This request must reach the CAS Office not later than April 15 for the May examinations, or October 15 for the November examinations. Later requests will not be considered. A fee of $20 ($28 Canadian) per examination will be assessed for all refunds. Refunds will be issued after April 30 for the May exams and after October 30 for the November exams.

The fee of a candidate who is unavoidably absent from an examination will, upon written request within 30 days following the date of such examination, be transferred to any examination given within the next 13 months. A fee which has been so transferred is not refundable. There will be a $20 ($28 Canadian) fee for such a transfer, payment for which should accompany the request for transfer. In addition, candidates must also register for the examination to be taken even if the fee is being transferred from a prior examination period. This application is subject to the deadlines stated under “Filing of Applications” which begins on page 7.

Associateship and Fellowship Examinations

Successful completion of, or credit for, Parts 1 through 7 is required to fulfill the examination requirements for Associateship in the Casualty Actuarial Society. Parts 1 and 2 are the same as the Society of Actuaries
3A and 3C are the same as the Society of Actuaries Course Exam numbers 120 and 135, respectively. The Casualty Actuarial Society does not grant credit for SOA Course Exam 130 (formerly CAS Part 3b) if passed subsequent to May 1990. (See page 6 for a more complete explanation.) Each subpart may be taken on separate examination dates so that partial credits may be earned until all sections are passed.

Successful completion of, or credit for, all 10 examination parts is required to fulfill the examination requirements for Fellowship. Part 8 now has two subdivisions covering United States- or Canadian-specific material, and passage of either of the two tracks fulfills the completion requirements.

Waiver of Examinations for Associateship

Waiver of individual examination requirements will be granted by the Board of Directors of the CAS in instances where an applicant has passed or received credit for examinations sponsored by another recognized actuarial organization covering equivalent material in both subject and depth. The granting of waivers by the Board will be based on the recommendation of the Vice President-Admissions. The Vice President-Admissions’ recommendation will be guided by the policy established by the Education Policy Committee.

The Casualty Actuarial Society generally will not grant waiver of all or any portion of its examination requirements for either work experience, contribution to the actuarial literature, academic courses of study, or examinations of non-actuarial organizations. Individuals who claim competence in the areas covered by the examinations should not have difficulty demonstrating their competence through the examination process.

The Education Policy Committee has established the specific program outlined below, covering the most common requests for waiver of examination requirements.

1. Waiver of examination Parts 1, 2, 3A, or 3C will be allowed for candidates who have passed or been credited with the corresponding examinations sponsored by the Society of Actuaries prior to the joint administration of those examinations.

2. Candidates who take the Advanced Mathematics Test of the Graduate Record Examinations may apply for credit for Part 1.

3. The CAS also recognizes the examinations sponsored by the British Institute of Actuaries, the Australian Institute of Actuaries, and the Faculty of Actuaries (Scotland). Credit will be granted for examinations passed or waived in accordance with examination equivalences between the CAS Syllabus and the syllabuses of each of the three aforementioned actuarial organizations. The Casualty Actuarial Society will not grant credit for examinations waived by the aforementioned organizations on account of academic records achieved in North American universities, nor for credit granted by the aforementioned organizations to candidates not qualifying directly in obtaining membership through the normal qualification/examination process applicable to residents of those counties. Waivers under this paragraph will be subject to an administrative fee of $40 in U.S. funds ($52 in Canadian). This fee is payable by check, draft, or money order payable to the Casualty Actuarial Society.

4. Credit for examination Part 5B will be granted to candidates who have passed SOA Course 130/CAS Part 3b prior to November 1990. Waiver requests are not necessary for this credit. This credit will be automatically granted upon the candidate’s application to take his/her first CAS examination (other than Parts 1, 2, 3A, and 3C).

5. Waiver of examination Part 4A will be granted to candidates passing SOA Courses 140 and 150, or 141 and 150. This waiver is subject to an administrative fee of $40 in U.S. funds ($52 in Canadian funds). A check, draft, or money order in U.S. or Canadian funds for these amounts must accompany all applications for waivers for Part 4A.

In the above instances, (except item 4.), candidates requesting a waiver of an examination requirement should present their request and applicable fee, if any, to the Vice President-Admissions with appropriate evidence that demonstrates the passing of (or score on) the actuarial examinations for which a waiver is requested. The Vice President-Admissions will review all such requests and recommend action to the CAS Board of Directors.
Please address all waiver requests to:
Vice President-Admissions
Casualty Actuarial Society
P.O. Box 425
Merrifield, VA 22116-0425

Credits for examination equivalents of other actuarial organizations are considered on a case-by-case basis where the candidate has provided documentation pertaining to the equivalence of subject matter in both scope and depth.

In such instances, candidates should present their requests to the Vice President-Admissions and include with their applications evidence that demonstrates the asserted equivalence of the actuarial examinations passed to those for which a waiver is requested via a list of topics covered, or other relevant material. If such evidence is not included, the Vice President-Admissions will request it from the candidates. The Vice President-Admissions will forward the request to the Education Policy Committee. The Committee will then review the request.

For those recognized actuarial organizations outside of the U.S. and Canada which have formal education requirements, but whose only means of qualification are through academic achievement, requests for waivers will be reviewed on a case-by-case basis to determine if any credit should be given based on the equivalence of the subject matter to any CAS examinations or parts thereof.

In such instances, candidates should present their requests to the Vice President-Admissions and include with their applications evidence that demonstrates the asserted equivalence, as well as the appropriate educational policy material of their local actuarial organizations. If such material is not included, the Vice President-Admissions will request it from the candidates. In those instances, the Education Policy Committee will be asked to determine whether sufficient equivalence exists to permit granting any examination waiver.

Associateship Requirements

In addition to the examination requirements for membership in the Casualty Actuarial Society, all prospective Associate members will be

The Course on Professionalism will be administered by the CAS at times and places to be announced. Eligibility for attendance is defined as having successfully completed five Associateship examinations (Parts 3A, 3B, and 3C comprise one examination, as well as Parts 4A and 4B, and 5A and 5B.)

Letters of reference from two members of the Casualty Actuarial Society are required. Obtaining the two letters of reference is the prospective Associate’s responsibility. If no members of the CAS are familiar with the prospective Associate and his/her work history, references from members of the American Academy of Actuaries, the Canadian Institute of Actuaries, the Society of Actuaries, or senior executives where the candidate is employed may be substituted. For further information on alternate, acceptable references, please contact the CAS Office. An application for membership will not be processed without these references.

**Conduct of Examinations**

The examinations are recorded exclusively in writing. Except as is noted in the following paragraphs, no books, papers, typewriters, slide rules, or electronic or mechanical aids to computation of any kind may be brought into the examination room by candidates, nor may any candidate communicate with or obtain any assistance from any other candidate during the examination.

Electronic calculators will be allowed in the examination room for all examinations. For Parts 1-3 (A,C), and 4A, the only acceptable calculator is the one sold by the Society of Actuaries. Calculator orders should be placed with the Society of Actuaries at the same time that the examination application is submitted. Candidates sitting for Part 4A must order the official calculator from the Society of Actuaries. No calculators will be shipped after January 15 for the February examinations, April 15 for the May examinations, or October 15 for the November examinations. For Parts 3B, 4B, and 5-10, the official calculator of the Society of Actuaries may be used. Other electronic calculators, which are to be supplied by the candidates, must meet the following standards to be acceptable:

1. portable and silent,
2. battery operated during examination,
3. must not be programmable.
It is the candidate’s responsibility to see that the calculator used during the examination meets the applicable standards and is in good working order.

Parts 1, 2, and 3 (A, C) consist entirely of multiple-choice questions. For these examinations, each multiple-choice problem presented includes five answer choices identified by the letters A, B, C, D, and E; only one of which is correct. A separate answer sheet provides a row of six ovals for each problem. The first five of these, identified with the letters A, B, C, D, and E, correspond to the five answer choices. The sixth oval (described below) is marked “Omit.” After deciding which answer is correct, candidates should blacken the oval which has the same letter as the appropriate answer.

Since the answer sheets are scored by optical scanning equipment, a Number 2 pencil must be used to blacken the ovals. Also note that it is important that there be only one oval blackened for each question. If a candidate decides not to respond to a question for which an oval has already been blackened, the answer oval should be erased, and the “Omit” oval should then be blackened. This oval is located to the right of the answer Oval “E.” This procedure assures that the scoring equipment will score the question as an omitted question and not be confused by an incompletely erased answer oval. It is not necessary to blacken the “Omit” oval if no answer oval has been blackened. This is because the scoring equipment also scores a question as an omitted question if there are no ovals blackened in the row. Please note that the “Omit” oval appears on the answer sheets for Parts 1-3(A, C) only.

Grading of Examinations

Answers to multiple-choice questions are read by optical scanning equipment and scored by computer. As a check, several papers are scored by hand. A statistical analysis is prepared for each question; if this information indicates there might be a problem, the question is carefully examined.

Any multiple-choice question found to be defective is carefully examined to determine the most reasonable way to correct the situation. In some cases, the question is discarded, leaving scores and rankings as they would have been if the defective question had not been asked; when this happens, the scores of individual candidates immediately below the pass mark are

question. In other cases, more than one answer is given credit for being correct.

Multiple-choice questions are scored in such a way that there is no advantage or disadvantage to be anticipated from guessing answers in a purely random fashion as compared with omitting the answers entirely.

Every effort is made to grade answers to essay questions according to completely objective standards. The anonymity of the candidates is fully preserved; committee members see only candidate numbers when grading an examination, not candidate names.

A model answer is developed for each question prior to grading, including the recommended numerical value for each subpoint in the answer. Each question is assigned to two graders who separately and independently grade the candidates’ answers using the model answer as a guide. After grading a sufficient number of papers, each grader evaluates the model answer in light of the responses. If either grader believes that the model answer or the values assigned for subpoints should be revised, the two graders confer and revise the model answer, if necessary. Then both graders restart the grading process. After all papers have been graded, the two graders compare the scores assigned to each candidate for that question and reconcile differences.

After all questions have been graded, the multiple-choice scores and essay scores are combined, and candidates are ranked in order by score. A preliminary pass mark is established, and the answers given by candidates near the mark are regraded. The candidates are reranked after the regrading, and a final pass mark is determined.

Parts 1, 2, 3A, and 3C

One-fifth point will be added for each multiple-choice question left blank.

Parts 3B, 4-10

There will be no addition for multiple-choice questions left blank, but one-quarter of the point value for each question will be deducted for each incorrect answer. On true/false questions, the point value of the question will be deducted for each incorrect answer.

Determination of the Pass Mark
for each exam varies from year to year, each part committee collects extensive data to ascertain the level of difficulty of its examination. The part committee compares the performance of the present year’s candidates to the performance of candidates from prior years. Appropriate recognition is given to any peculiarities that may appear in connection with the answers to any question on an examination despite all the care taken in setting the examination questions. After this, the pass mark is set to achieve the desired consistency. The Examination Part Chairperson presents the recommended pass mark with the supporting data to the Vice Chairperson who oversees that examination part, the Examination Committee Chairperson, and the Vice President-Admissions. The final decision on the pass mark is the responsibility of the Vice President-Admissions.

The percentage of candidates passing will vary from year to year; however, those candidates demonstrating the required level of competence with the material will pass.

After the passing mark is finalized, each candidate is assigned a score from 0 to 10. Scores of 0 to 5 are assigned to candidates who do not pass; scores of 6 to 10 are assigned to candidates who pass. On this scale, each interval is 10 percent of the pass mark. For example, a grade of 5 means failing with a mark of at least 90 percent, but less than 100 percent, of the pass mark. A grade of 0 means that the candidate’s score is less than 50 percent of the pass mark.

**Examination Results**

Candidates receive individual statements of examination results approximately eight weeks after the examination date. A list of passing candidate numbers is mailed at the same time. Several weeks later a list of all passing candidates is distributed. Candidates with scores of 6 to 10 are informed that they passed the examination; however, they are not given a score. Candidates with scores of 0 to 5 are informed of the score.

**Defective Questions**

Occasionally, through error or because of varying interpretations, a question on the examination is found to be ambiguous or defective. If a candidate believes a question is ambiguous or defective, he/she should bring this to the attention of the Casualty Actuarial Society in writing.

The Examination Committee will investigate all questions brought to its attention in this manner and may make allowances in the grading process for answers which could be correct under an interpretation other than the one anticipated when the question was written. Any defective question will be eliminated from the grading process. Correspondence that does not reach the CAS Office within two weeks will be disregarded in the grading process.

**Candidates’ Requests for Information**

Any unsuccessful candidate for Parts 3B, 4-10 can obtain an analysis of his/her test paper by writing to the CAS Office before the stated deadlines. The normal deadline will be August 15 for May examinations and February 15 for November examinations. The candidate should provide his/her candidate number with the request for analysis. The requests will be batched. The batched requests will go to the Examination Committee about two weeks after the deadline. Generally, candidates will receive their analyses within two months after the stated deadlines.

An analysis will outline the subject areas in which a candidate was strong or weak, as well as the specific question numbers (on essays) on which he/she scored well, poorly, or in-between. The Examination Committee believes that this kind of information can be developed within a reasonable amount of time, and without undue effort. It is intended to provide the educational guidance that most candidates desire.

The Examination Committee is also prepared to do an administrative check for any candidate who appeals a score, to be sure that he/she has been given the proper grade.

**Confidentiality of Examination Records**

The fact that any candidate has passed a particular examination is considered public knowledge. Any further information as to examinations taken by candidates and scores received by candidates is available only to the candidates themselves, to Examination Committee officials if required for committee purposes, and to the CAS Office, unless the candidate requests in writing that such information be provided to someone else.
Transition Rule for Candidates with Examinations Passed in 1990 or Later

The Casualty Actuarial Society generally reviews and makes revisions in the recommended study material on an annual basis. Occasionally, a major topic will be added or deleted from the recommended study material. A major topic is defined as a series of readings comprising a segment of an examination. When a major topic, such as Operations Research (deleted in 1990), is deleted from the recommended study material, the Syllabus Committee will determine if a transition program is appropriate. A transition program generally will be appropriate when candidates are in a position to lose credit for a segment of an examination.

A transition program will provide candidates with at least two opportunities to complete the requirements for that examination part. The completion of the requirements will result in the achievement of credit for that entire examination part. The failure to complete the requirements for that complete examination part could result in the expiration of credit for that deleted topic at the end of the transition period. (See pages 6-7 for specific transition rules for Parts 3 and 5.)

The CAS Board of Directors must approve any transition program.

Disciplinary Action

Candidates for the Casualty Actuarial Society’s examinations are expected to follow the rules and procedures included in the “Instructions to Candidates” printed on their examination books and announced by the supervisors at the examination locations. These standards may seem stricter than those which candidates are accustomed to in other examination environments. The Casualty Actuarial Society maintains these strict standards because the examinations are such a significant part of candidates’ careers. Therefore, the equitable administration of the examinations and enforcement of the highest standards of conduct cannot be emphasized too strongly.

If any candidate is discovered engaging in any kind of misdeed, giving or receiving help, using notes, books or papers of any kind, or taking part in an act of impersonation, his/her score for that examination will be disqualified. The Casualty Actuarial Society reserves the right to disqualify
Publications of the Society

CAS publications that are still in print may be purchased at the prices listed below. Prices include postage and handling for orders delivered in the U.S. and Canada. For deliveries outside North America, add 50% to prices shown below. Bulk orders of 20 or more of any publication will receive a 20% discount. Prepayment is required for all orders. Payment may be in the form of check, draft, or money order in U.S. or Canadian funds. Direct all orders to:

Casualty Actuarial Society
P.O. Box 425
Merrifield, VA 22116-0425

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<td>1982—Pricing, Underwriting, and Managing the Large Risk</td>
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<td>1984—Financial Solvency</td>
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<td>1986—Reinsurance</td>
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<tr>
<td>1988—Evaluating Insurance Company Liabilities</td>
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<td>1989—Valuation Issues</td>
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<td>1990—Pricing Issues (2 Vols.)</td>
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<td>1993 Yearbook and Membership Information Update</td>
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<td>The Actuarial Review (Annual Subscription)</td>
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<td>Foundations of Casualty Actuarial Science (Textbook)</td>
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<td>Report on the Annual Statement</td>
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<td>An Introduction to Credibility Theory</td>
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<td>Various Study Notes and Study Kits</td>
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Library

All candidates registered for the examinations of the Casualty Actuarial Society and all members of the Casualty Actuarial Society have access to the library facilities. The CAS Library is located at the CAS Office in Arlington, Va.

Books and manuals may be withdrawn from the Library for a period of one month without charge. In general, not more than two references may be in the hands of one borrower at a time. Address requests for books to:

Casualty Actuarial Society
Library Service
1100 North Glebe Road
Suite 600
Arlington, VA 22201

National Organizations

American Academy of Actuaries (AAA)

The American Academy of Actuaries is a professional membership, government information, and public relations organization for all actuaries practicing in the United States, regardless of specialty. The Academy also establishes qualification standards for making public statements of actuarial opinion. Professional standards of practice and discipline procedures are the responsibility of the Actuarial Standards Board and the Actuarial Board of Counseling and Discipline, respectively, both independent entities within the Academy.

Satisfactory completion of specified examinations of the Casualty Actuarial Society will satisfy the educational requirements for admission to the American Academy of Actuaries. The Academy has additional continuing education requirements. For further information contact:

American Academy of Actuaries
475 N. Martingale Road
Suite 800
Schaumburg, IL 60173-2226.

Canadian Institute of Actuaries (CIA)

The Canadian Institute of Actuaries is a research, accreditation, and membership organization for actuaries practicing in Canada, regardless of specialty. The CIA is responsible for professional standards of practice and disciplinary procedures for its members. The federal government and provincial governments recognize Fellowship in the CIA as the standard of actuarial qualification to practice in Canada.

Educational requirements for Fellowship set by the CIA currently may be met through examinations administered by the Casualty Actuarial Society. The CIA maintains other affiliation, experience, and continuing education requirements. For further information contact:

Canadian Institute of Actuaries
360 Albert Street
ASSOCIATESHIP EXAMINATIONS

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<td>Introduction to Property and Casualty Insurance</td>
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<td>Credibility Theory and Loss Distributions</td>
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<td>5A</td>
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<td>6</td>
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<td>Principles of Ratemaking and Data for Ratemaking</td>
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<td>Premium, Loss, and Expense Reserves; Insurance Accounting, Expense Analysis, and Published Financial Information</td>
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FELLOWSHIP EXAMINATIONS

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<td>9</td>
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<td>Advanced Ratemaking; Individual Risk Rating</td>
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<tr>
<td>10</td>
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<td>Financial Operations of Insurance Companies; Reinsurance; Forecasting; Valuation Topics</td>
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³Jointly administered with the Society of Actuaries
⁴Candidates must specify their United States or Canadian specialty at the time of application.

Recommendations for Study

The objective of the Casualty Actuarial Society's education and examination process is to assist candidates in their professional preparation for an actuarial career of managing the varied responsibilities assigned to an actuary in the casualty insurance field. The “Recommendations for Study” present the study material that casualty actuarial candidates should understand thoroughly, and be able to apply professionally to actual casualty insurance situations. The examination process is designed to assure that each successful casualty actuarial candidate attains a satisfactory level of competence in the subject matter.

The examinations for admission to the two grades of membership in the Society are designed to establish the qualifications of candidates. The following “Recommendations for Study” are provided as a guide for candidates in their preparation for the examinations. It should be realized that while the examination questions will be largely based upon the textual material cited, they will not necessarily be drawn directly therefrom. The examinations will test not only candidates’ knowledge of the subject matter, but also candidates’ ability to apply that knowledge. Finally, in the development of the Syllabus readings and the examination questions, it is assumed that candidates are familiar with the material covered in earlier parts. Therefore, it is recommended that candidates take the parts in numerical order.

In their study for the mathematical sections of the Associateship examinations, candidates are advised to work out as many examples as possible in order to acquire facility in the application of the mathematical principles and methods to specific problems. The questions on the examinations for Parts 1-4 are all of the multiple-choice or true/false types.

In preparing for Parts 8 and 10, candidates should become familiar with current developments by reading property and casualty insurance articles for the indicated period of time.

The references to papers in the Proceedings of the Casualty Actuarial Society (PCAS) are considered to include all cited discussions of these papers. In the case of readings from out-of-print Proceedings, candidates are responsible only for those discussions reprinted in the Study Kits.
A more detailed identification of the text references cited in the examination part descriptions will be found in the "Index to Text References" on page 90 of this Syllabus. The reading materials suggested in these recommendations are designed to acquaint candidates with the respective subjects and should not be interpreted as representing views endorsed by the Casualty Actuarial Society.

If a new edition or printing of any text becomes available, candidates should contact the CAS Office for instructions regarding its acceptability and the appropriate chapters/pages in the new edition which correspond to the printed study requirements.

A bold NEW beside a reading or Study Kit indicates that it is either in addition to the recommended readings or that there has been a material change to a previously included reading. A bold SK represents 1993 Study Kit material and a bold SKU represents new material included in the 1993 Study Kit and the 1992 Study Kit Update. 1993 Study Kits and 1992 Study Kit Updates have been prepared in connection with some examinations and may be obtained from the CAS Office at the following prices (payable in U.S. or Canadian funds):

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<th>1993 STUDY KITS</th>
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Any readings from Proceedings for years that are still in print (1977, 1978, 1981, and subsequent) can be obtained by purchasing the Proceedings from the Society at a cost of $50 or by using the CAS Library facilities. All other Proceedings articles and Discussion Papers which are out of print are included in the Study Kits.

Sample examination questions for Parts 1 and 2, copies of Part 3B and Parts 4-10 examinations for the three most recent years, and illustrative answers for essay questions on Parts 5-10 are available at no charge from the CAS Office. Please use the order forms on pages 101 and 103 of this Syllabus.

In referring to a published prior examination, candidates should keep in mind that the questions were based on the course of reading in effect for that particular examination, and may not in all instances reflect the current course of reading. Students may also expect future examinations to vary somewhat as to the proportion of question style and subjects. New forms of questions may appear from time to time, and the total number of questions may be increased or decreased.

While the CAS Library has nearly all the 1993 readings available for loan, there are still a few that must be obtained by contacting the organizations listed in the "Index to Text References" on page 90 of this Syllabus.
Hints on Study and Exam Techniques

These hints do not include any material on which candidates will be examined, but are passed along by the CAS Syllabus and Examination Committees to encourage candidates to do their best when sitting for CAS examinations.

Hints on Study and Exam Techniques

Motivation is the single most important ingredient in learning—and in passing examinations.

Candidates should say to themselves aloud, “Nothing is more important to me than passing this exam.”

Motivation suffers when candidates worry about or are preoccupied with personal matters or other problems. This suggests that candidates should keep studying and exam taking at the very top of their lists of priorities, and should always have a constructive attitude about their studying. In particular, candidates should approach the exam as an opportunity to enhance their knowledge and understanding of actuarial science, rather than as an obstacle in their paths to membership in the Casualty Actuarial Society.

Motivation is increased by incentives, such as the following.

- Passing actuarial exams requires many hours of study—more for some people and less for others—but often more than many candidates realize. Putting in enough hours can actually save a candidate time. Suppose, for example, that mastering the Syllabus for one exam will take a candidate 400 study hours, and that one candidate only puts in 300 hours and fails the exam the first time. He or she then puts in a second 300 hours and passes the exam the second time. That candidate will have spent 600 hours, when by studying 400 hours the first time around, he or she would have saved 200 hours, not to mention passing one year sooner. It is recommended that candidates decide for themselves how many hours they really need to study, and

- Candidates can increase their motivation level by regarding the examinations as a stepping stone to greater responsibility at their places of employment, to opportunities for getting more done on their own, and to greater results and rewards from their work.

- Candidates can also increase their motivation through sufficiently intensive and sustained study so that they come to appreciate more fully the fascination of the various subjects, and the interrelationship between them.

A number of doctors, educators, executives, and personnel people all agree that motivation can be greatly increased by having a goal in mind. Candidates must determine their goals, and keep them in mind.

Techniques

It has been proven many times in various countries, both by individuals and by controlled groups, that improved study and exam techniques can strengthen a candidate’s mastery of a subject and increase his or her exam scores significantly. Provided that the candidate is motivated and spends enough hours studying, techniques such as those given here may often make the difference between failing or passing an exam.

Each person has his or her own strengths and weaknesses, so candidates are advised to work out their own personal sets of techniques which will work best for them. What follows is merely a set of suggestions to help candidates in getting started in building up their own techniques.

The Challenge

It is easy to underestimate the effort that is required since substantial changes may be needed to switch from college or university life over to successfully passing actuarial exams.

University courses often stress understanding, and usually do much to smooth the path for the student with lectures, personal contacts, organized places of study, and a focus on learning.

By contrast, actuarial candidates must remember more than perhaps they realize, they must work a great deal on their own, and generally must make a “long and gruelling” journey to reach their goals. Much actuarial studying is normally fitted in after a full day’s work, or is done on a
adequate time available for studying requires sustained self-discipline, and is a purely individual and personal responsibility.

Schedule of Study

There is only one substitute for hours of study time omitted one week. This is at least as many additional hours of study in another week.

An unavoidably “necessary condition” for success in studying (but a not necessarily “sufficient condition”) is—simply spending enough total hours in studying.

Candidates must decide how many hours in total they need to study. Then they need to set out their schedules in writing, specifically stating the weekday evening and weekend periods allocated to studying. They then should total the number of hours made available. If the total hours scheduled are less than the total hours necessary, candidates should expand their schedules until they at least have equalled the required total time plus an additional cushion for absorbing time that will inevitably be lost along the way on account of illness, work pressures, etc.

Then candidates should fit all the segments of the Syllabus into their schedules so that they will thoroughly cover the course of reading in good time before the exam, with time left over for a thorough final review. It is important for candidates to spread their time over the entire Syllabus in some deliberate way, as, for example, in proportion to the pages of reading material on the Syllabus.

Candidates may find it helpful to study several subjects within an exam, or all of them in parallel. This gives them more variety each week, and may give them a combination of both study which is more appealing and study which requires greater effort and concentration. Particularly demanding study may perhaps be best left for weekends when candidates are less fatigued from regular work.

It is a good idea for candidates to keep a record of the hours they spend studying. Even if candidates are completely confident that they know the Syllabus before putting in their required total hours, there is much to be said for carrying out their full schedule and completing their total time quotas.

Retention

As part of human nature, our memories forget facts and ideas most rapidly during the time immediately following our study of them.

For a given number of study hours, therefore, candidates will remember more if they review promptly and frequently. It is recommended that candidates review what they have learned as part of ending their study for the day. As they begin their next study session, candidates should review what they learned the last time, and what they learned during other recent sessions. Then they can recall points they have learned during odd spare moments in between study sessions. It is important for candidates to leave time for a thorough final review before the exam.

There are some analogies that can be made between preparing for an actuarial examination and learning to drive a car. Most inexperienced drivers have good motivation for learning to drive, and have a strong goal clearly in mind. Yet they still need to practice and rehearse their driving knowledge and skills until they become “second nature.” This is easier to do if they keep practicing their driving in the days immediately after a lesson in which they learned something. Candidates should equally be the master of their actuarial studies by the time they enter the exam room. Experienced drivers should be able to pass a driving test not just on a few familiar streets, but over any legal route. In the same way, actuarial candidates should be able to pass any set of exam questions which has been set from the Syllabus.

Candidates should note the considerable emphasis in actuarial exams on knowledge. However, they should remember that the best way to learn facts by heart is very often to understand the whole subject, and to tie together ideas which are related. They should look at any single subject from several different angles, relating what they learn to what they know already. Candidates should look for as many connections as they can between their actuarial work and their actuarial studies.

As humans, we learn by doing. While the extent of a candidate’s notes will be a matter of his or her own personal tastes, taking thorough notes will be a good investment of time for most people. For candidates, “translating” the subject matter into their own words helps their memories, and forces to their attention those items which they do not really understand and require further study. When, upon reviewing their notes, candidates find gaps in their knowledge or in their understanding, they should
Another study technique candidates might want to try is to test themselves as they go along. They can review previous exams when they start to study to get an idea of the mastery of the Syllabus expected. Candidates can also take these as “trial exams” to help them in testing their knowledge and understanding of the course of reading, and in improving their exam speed and confidence. Some candidates deliberately test themselves; others prefer not to do so.

Candidates should expect a gradual gathering of momentum as they begin their study for a particular exam. By keeping at it, according to their plans, candidates will find their rate of progress speeding up after the first few weeks.

When a candidate finds himself or herself getting very “stale,” one possibility is to stop studying altogether for (say) three days. Then the candidate should continue on with his or her study plan, no matter how he or she feels, for at least the next month or six weeks. A candidate’s study plan should have enough spare time available in it to allow for such occasional “down time.” A mixed schedule, with a weekly combination of subjects that the candidate likes and subjects that he or she finds difficult, will help to minimize staleness.

Discussing the Syllabus with friends taking the same exam, or with others who have passed the exam will help candidates remember the material firmly and to understand it. It also helps candidates to realize their own gaps and difficulties. If effective study circles and tuition courses can be found, they will also help give candidates a different slant on the subject, give them a chance to review and to practice, keep them moving through the Syllabus, and help to combat lethargy and self-satisfaction.

Candidates should beware, however, of someone else doing their own thinking for them—it is imperative that they develop and maintain their own command and understanding of each subject. When reading, candidates should challenge the author in their minds and debate with him or her, rather than merely swallowing everything whole.

**Formulating Answers**

**Multiple-Choice Questions**

Candidates can definitely improve their speed and mastery by seriously practicing on sample examination-type questions before the examination. It helps to have a good understanding, from several points of view, of the subject material. Candidates can also develop valuable shortcuts, such as eliminating impossible answers by checking out boundary conditions or by inspecting other aspects of certain suggested solutions, or by substituting numerical values and cutting out some answers. Since questions are varied, candidates will need a variety of techniques to cope with them.

In a multiple-choice examination, speed is an important factor. Candidates increase their chances of passing if they are able to seriously attempt each question on the entire paper at least once. It may help them to determine the proportionate number of questions to answer in the first half-hour of the exam, to check how much ground they cover in that time, and then accordingly either (a) speed up, or (b) slow down and dig more deeply.

When pressed for time, it may pay for candidates to omit a few multiple-choice questions which they expect to take them more time than average, so as to have time for a larger number of more quickly-answered questions. For example, a cluster of questions may have a common introduction which a candidate does not readily grasp, in which case he or she might well skip the entire cluster at a first attempt.

Candidates may find it helpful to keep a list of the number of the questions not answered so that they quickly can get an idea of how many they are omitting, and so that they can go back to them more rapidly later on.

There is no advantage in guessing answers if a guess is 100% purely random.

Candidates should change their answers only if they are sure that their first solution was wrong.

**Essay Questions**

The model response to the typical essay question is brief, less than one-half of a written page. Be concise—candidates do not need to answer in complete sentences when a well-composed outline format is more appropriate. Candidates should not waste time on obscure details. They should show that they have learned the relevant material, and that they understand it. They should state the obvious, if it is part of the answer.

For questions which require candidates to work a numerical solution, candidates should take the time to set up the problem so that they document their understanding. They should set forth relevant equations
Candidates should keep each answer relevant to the precise question being asked. They should make sure they first understand exactly what is wanted before they begin to answer a question. When they have written part or all of their answer, they should take another look at the question and make sure they have answered—not their own question—but the question as set on the examination page.

If candidates are asked to “discuss” a proposal, they should list all significant arguments both for and against it.

Candidates should take time to write legibly, since examiners can only give credit for what they can read. They should try to “organize” their answer. Then, their main aim is to get down as much relevant material as they can.

There is no advantage to answering the questions in any particular order. Candidates may answer the questions in the order given if they wish. Alternatively, candidates can quickly read over the whole paper, warmup with whichever question comes easiest to them, gradually working into the questions they find more challenging, and end up on a question which they think can be answered readily even though, by that time, their energy and concentration may be tending to fall off.

Note that since each question is graded separately, each answer must be self-contained. Candidates should not say, “Part of my answer to question 1 is found in my answer to question 3.”

It is important that candidates remember that they have limited time. Candidates will find that it is worth checking their progress to assure that they have an opportunity to respond to every question. If they know that a question will take too much time, they can pass it and return to it later, if time permits.

**Final Mental Preparations**

Olympic and professional athletes often vary their training schedules as a major contest approaches. They often ease up on endurance training, and shift their aim to sharpening their alertness, their effectiveness, and their will to win.

In any exam, it is just as important that candidates be alert and effective, with all their wits about them, and with an eager desire to do their best.

Some candidates fail in the first half-hour or so of an examination. Perhaps it would be more accurate to say they “defeat themselves” in that time. They become pessimistic and discouraged, and think too much about the possibility of their having made a bad start in answering the questions.

Other candidates, with the same ability, knowledge, and preparation—and making bungles just as bad in parts of the exam as the first type of candidates—nevertheless succeed in passing the same exam. As in life itself so in actuarial exams, the difference between failure and success is often linked to a person’s attitude. Confidence and optimism, based on mastery of the subject through hard work and many hours of study, will help a candidate to keep going.

Instead of wasting time and energy worrying about how badly they believe they are doing—candidates should do something constructive on another question. They can always come back later to the weak answer, time permitting. In any event, candidates do not pass or fail on any one question. Rather, a candidate’s final score is determined on the examination viewed as a whole.

Candidates should never give up in the exam room. They should use every minute and every second of the available time. They should not “grade their own papers,” and decide not to hand in an answer to a question or two because they feel it is all wrong. They should hand in all of their answers, and let the examiners do the grading. At least one candidate has not handed in some answer pages which he or she had condemned in his or her own mind, only to find out later that the work was correct, and to find out still later that he or she had narrowly failed to pass.

**Books to Read**

Some candidates may find it a good investment of their time to read one or more books discussing study and exam techniques. On the other hand, many candidates have successfully completed all their exams without reference to such texts. These texts will be of little value to a candidate with solid study habits. For those candidates who have not developed good study habits, then these type of texts are more likely to be worthy of their consideration.
books will have a common thrust, there may be some differences between them on certain points, such as on the most desirable level of the extensiveness of the notes a candidate should take. It is important for candidates not to chop and change from one technique to another all the time they are studying. Rather, they should read such books as they wish, and decide for themselves a single, clear path to travel—and then stick to it.

Comments and Suggestions

These "Hints" are largely based on the experience and advice of others and were originally prepared for Society of Actuaries candidates by James L. Clare. Later, these were adapted to use by Casualty Actuarial Society candidates by G.D. Morison and were updated in 1992. The Casualty Actuarial Society will be glad to consider incorporating further comments and suggestions periodically. If you have any changes to suggest, please send them to the CAS Office.

Associateship Examinations

Part 1

Calculus and Linear Algebra—SOA Course 100

This Examination Part is jointly administered by the Casualty Actuarial Society and the Society of Actuaries.

This three-hour, multiple-choice examination is based on material usually covered in undergraduate mathematics courses including differential and integral calculus and a first course in linear algebra. The general scope of this examination is indicated by the following topics:

- Real and complex numbers
- Elementary set theory, including unions, intersections, and complements
- Functions, equations, and inequalities
- Analytic geometry of two and three dimensions
- Standard algebraic and transcendental functions, including polynomial, rational, trigonometric, logarithmic, and exponential functions
- Limits, continuity, differentiability, and integrability
- Derivatives, integrals, and partial derivatives
- The fundamental theorem of integral calculus
- Applications of derivatives and integrals, including multiple integrals
- Finite and infinite sequences and series, including the Taylor series expansion
- The mean value theorem
- Linear equations, vector spaces, and generating sets
Part 2

Probability and Statistics—SOA Course 110

This Examination Part is jointly administered by the Casualty Actuarial Society and the Society of Actuaries.

This three-hour, multiple-choice examination is based on material usually covered in undergraduate courses in mathematical probability and statistics. It can be taken by candidates who have had thorough college courses in these subjects or by persons who have done concentrated reading in these fields. The general scope of this examination is indicated by the following topics, which are among those proposed for a one-year college course in probability and statistics by the Committee on the Undergraduate Program in Mathematics (CUPM) of the Mathematical Association of America:

- Sample spaces
- Axioms and elementary theorems of probability
- Independence, conditional probability, and Bayes’ theorem
- Permutations and combinations
- Random variables
- Binomial, Poisson, normal, chi-square, \( t \), \( F \), and other probability distributions
- Expectation, mean, variance, and moment-generating functions of probability distributions
- Multivariate distributions
- Transformations of random variables
- Conditional and marginal distributions
- Central limit theorem
- Point estimation, including maximum likelihood estimation and the application of criteria such as consistency, unbiasedness, and minimum variance
Applications of sampling distributions to confidence intervals and to test for means and variances

Regression and correlation

Method of least squares

Interpretation of experimental results

Bayesian estimation

The CUPM has reported that statistics courses can be implemented in a variety of ways, and can include different topics with different emphases on the topics. The fact that widely divergent approaches are acceptable is illustrated by the many texts appropriate for a one-year college course. Among such texts, the following are representative of those which cover most of the above topics and provide the mathematical background required for this examination.

Readings


Candidates who have mastered the text material and can work the problems in any one of these references should be adequately prepared to handle the mathematical material in this examination.

The following page references to the representative texts listed above are provided to assist candidates in locating some of the appropriate background material for a few selected topics that are included in this examination:

Moment-generating functions of probability distributions:

Hoel, Port, and Stone—pp. 197-200 (Volume I).

Applications of chi-square distribution (chi-square tests):

Hogg and Craig—pp. 269-283 and 312-313.
Hoel, Port, and Stone—pp. 91-99 (Volume II).
Mood, Graybill, and Boes—pp. 440-461.

Regression and correlation:

Hogg and Craig—pp. 73-78, 117-120, and 296-303.

Bayesian estimation:

Hoel, Port, and Stone—pp. 36-42 (Volume II).

An additional reference for candidates who may wish further practice in solving problems is:


A second additional reference for candidates who may wish to acquire further insight into the underlying nature of statistics and exposure to statistical applications is:


In addition, it will be assumed that candidates are familiar with an ordinary deck of 52 playing cards and an ordinary six-faced die.
Part 3A

Applied Statistical Methods—SOA Course 120

The general scope of this one-and-one-half-hour, multiple-choice examination is indicated by the following topics:

- Analysis of variance
- Regression analysis
- Time series analysis

Readings

Miller, R., and Wichern, D., Intermediate Business Statistics, 1977, Chapters 4 (up to but not including Tukey’s Test on page 158), 5 (except Section 5.10; including Supplement A), 6, 7, 8, 9, 10 (including Supplements A, B, and C), and 11 (including Supplement A).

SOA Study Note, available from the Society of Actuaries at a cost of $15. (Code 12-0001-83.)

Part 3B

Introduction to Property and Casualty Insurance

Prior to commencing study for this one-and-one-half-hour examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining the 1993 Study Kit and past examinations, and other information important to sitting for this examination.

The 1993 Study Kit contains all of the readings for Part 3B and can be ordered from the CAS Office at a cost of $56 ($75 Canadian). The Part 3B Study Kit can also be ordered in two sections:

a. Readings from the American Institute for Property and Liability Underwriters (marked with a bold I), at a cost of $40 ($52 Canadian)
b. The remaining Study Kit readings, marked with a bold X, at...
Note: *Sharing the Risk* by Marks and Craigie contains a good basic introduction to insurance. Although this reference is not part of the required reading for Part 3B, candidates may find it useful to review this material as background for this examination. This reading is available from the Insurance Information Institute, 110 William St., New York, NY 10038, at a cost of $9.95.

The insurance policy is the contract describing the services and protections which the insurance company provides to the insured. It is, in effect, the only “product” the insurance buyer receives until the time a loss occurs. Because actuaries will be pricing this “product,” it is essential that they have a good understanding of what the product includes. Also, as the contract is amended either by choice or by legislative or judicial activity, an actuary will be called upon to evaluate the effect these changes will have on the cost of providing the coverage. Therefore, in studying the policy forms, candidates should develop an understanding of the nature of the coverages provided and the bases of exposure used in the respective lines of insurance.

Candidates will be held responsible for knowledge of the policy forms (and the associated endorsements) included in the 1993 Study Kit. Manual excerpts should be studied as illustrative of the part played by manuals in the forms and coverages, and rating area.

Underwriting is a key function in the insurance business with unique qualities and characteristics which make it critical to the success of the endeavor. Actuaries will often work closely with underwriters as part of their day-to-day operations. Candidates should know what the underwriting function is—its basic purposes, principles, and activities.

Product design and product modification are also areas in an insurance company in which an actuary may become involved with the marketing function of an insurance company as it relates to pricing, market research, and marketing philosophy. Candidates should be well versed in the responsibilities of the marketing function, as well as the basic differences among different marketing systems for insurance products.

Ratemaking is critical to determining the premium for an insurance policy. Candidates should understand the basic ratemaking principles.

The settlement of claims determines losses which are the key component of insurance ratemaking and reserving. Candidates should know how claims...
Liability Underwriters. (Candidates will be notified of the required page numbers for this reference no later than December 1, 1992. The Institute Study Kit will include the appropriate pages as well.) Vol I Chapters 10.1-11, pp 179-248.

SKU Health Insurance Association of America, Group Life and Health Insurance—Part C (Third Edition), 1992, Chapter 2, pp. 11-33. (This reading is included in the 1993 Study Kit, but it may be ordered separately as a Study Kit Update. See page 30 for price.)

SK Insurance Services Office:

Personal Automobile Policy (Edition 12-89)
Personal Automobile Manual (Effective 8-83), General Rules 1-6
Homeowners Policy, HO-3 (Edition 4-84)
Commercial General Liability Policy:
  Occurrence (Edition 11-85)
  Claims-Made (Edition 2-86)

SK National Council on Compensation Insurance:

Workers’ Compensation Policy (Edition 4-84)
Basic Manual of Workers’ Compensation and Employers Liability Insurance (Effective 4-84), Rules I, II, IV-VIII.

Part 3C

Numerical Methods—SOA Course 135

This subject encompasses various techniques for handling numerical data. Although many of the principles lend themselves readily to computer procedures and methods, knowledge of such procedures or methods is neither presupposed nor required for the examination. The general scope of the one-and-one-half-hour examination is indicated by the following topics:

- Iteration, Interpolation
- Numerical integration
- Linear systems.

Readings

Burden, R.L., and Faires, J.D., Numerical Analysis (Fourth Edition), Chapters 1 (Sections 1.1-1.3), 2 (Sections 2.1-2.5), 3 (Sections 3.1-3.4 and 3.6), 4 (Sections 4.3-4.6), and 6 (Sections 6.1-6.7).

SOA Study Notes, available from the Society of Actuaries at a cost of $13.

Knowledge of this section will be assumed as background material for questions; however, questions will not be based directly on this section.

As related background material for Cubic Splines, the student should read pp. 146-147 to the paragraph following table 4.1. However, examination questions will not be based on these pages.
Part 4 (A and B)

This examination is administered as two separate examinations corresponding to each subpart as listed below. Parts 4A and 4B may be taken on separate examination dates so that partial credits may be earned until all sections are passed.

Part 4A

Interest and Life Contingencies

Prior to commencing study for this one-and-one-half hour examination, candidates should read the “Recommendations for Study” section on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining past examinations, and other information important to sitting for this examination.

Readings


Bowers, N.L., Gerber, H.U., Hickman, J.C., Jones, D.A., and Nesbitt, C.J., *Actuarial Mathematics*, 1986, Chapters 3 (all sections except 3.6), 4 (4.1-4.3, 4.6), 5 (5.1-5.4, 5.6); 6 (6.1-6.3, 6.6), 7 (7.1-7.4), 8 (8.1-8.5), and 9 (9.1-9.3). (Candidates are not responsible for the formulae dealing with monthly payments in sections 5.6 and 6.6.)


PART 4B

Credibility Theory and Loss Distributions

Prior to commencing study for this two-and-one-half hour examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining past examinations, and other information important to sitting for this examination.

Readings

Hossack, I.B., Pollard, J.H., and Zehnwirth, B., *Introductory Statistics with Applications in General Insurance*, 1983, Chapters 4 (all sections), 5 (all sections), 6 (6.1-6.4), and 8 (excluding 8.7).


Many actuarial problems involve the analysis of incurred losses for an insured event. Often in practice, the objective may be to find reasonable and usable approximations to the distribution of those losses. The *Loss Distributions* text depicts methods for doing this. Chapter 2 and the Appendix of this text describe a variety of mathematical distributions. Through study of the required sections, candidates are expected to become familiar with some of these distributions. Candidates will not be tested directly on the distributions themselves; rather the emphasis will be on using them in a problem-solving manner. Solutions to selected exercises from the text are available in the 1993 Study Kit.

In order to promote the proper emphasis on the preparation for this examination, the Appendix of *Loss Distributions* (pp. 217-232) will be provided to students at the time of the examination.
Part 5 (A and B)

This examination is administered as two separate examinations corresponding to each subpart as listed below. Parts 5A and 5B may be taken on separate examination dates so that partial credits may be earned until all sections are passed.

Part 5A

Principles of Economics; Theory of Risk and Insurance

Part 5A is being offered as a two-hour examination. (See page 6 for a more complete explanation.) Prior to commencing study for this examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining SOL Study Notes, out-of-print readings, past examinations, and other information important to sitting for this examination. References are listed in the suggested order of study.

Principles of Economics

Candidates will be required to have a knowledge of economics at the advanced college level. Candidates should be familiar with microeconomic theory, and should be prepared to apply that theory to specific questions in the area of insurance. Candidates should understand the macroeconomic model presented in the SOA Study Note, and be prepared to use that model to address questions regarding likely changes in prices, interest rates, and output resulting from macroeconomic shocks such as changes in raw material prices, changes in aggregate wealth, and changes in government fiscal and monetary policy.

Readings

NEW Stigler, G.J., The Theory of Price (Fourth Edition), 1987, Chapters 1-13, 14 (pp. 236-242), 15, 19, 20 (pp. 320-330), and Appendix A. Candidates should be prepared to answer questions regarding the theory as presented in the text, and will be expected to have considered the relevant problems at the conclusion of each covered chapter. (See this.

NEW Wachtel, P., Macroeconomics, 1991, SOA Course 220 Study Note, Chapters I-VI.

Theory of Risk and Insurance

Candidates should know what risk is, the kinds of risk, and the ways in which risk can be handled, with particular emphasis on the relation to insurance.

Readings


Part 5B

Finance

Part 5B is being offered as a one-and-one-half-hour examination. (See page 6 for a more complete explanation.) Prior to commencing study for this examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining past examinations, and other information important to sitting for this examination. References are listed in the suggested order of study.

Readings

NEW Brealey, R.A., and Myers, S.C., Principles of Corporate Finance (Fourth Edition), 1991, Chapters 4, 5, 6 (6-1), 7-9, 12 (12-3, 12-4, 12-5), 13, 14, 20, 21, 23, 27, 28, 30 (Appendix only), 34, and 36; including Appendices except for Chapters 4, 6, 9, and 28. (While candidates will not be tested on Chapters 1-3, they may find it useful to review these chapters as background for this examination. Although no direct questions will be taken from these chapters, familiarity with the material may be assumed in testing other chapters.)

Part 6

Principles of Ratemaking and Data for Ratemaking

Prior to commencing study for this four-hour examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of the Syllabus, for study suggestions, guidance in obtaining the 1993 Study Kit (which contains Study Notes and out-of-print readings), and other information important to sitting for this examination. Items marked with a bold SKU constitute the 1993 Study Kit which is available from the CAS at a cost of $65 ($82 Canadian). A 1992 Study Kit Update is available at a cost of $15 ($23 Canadian), and includes the items marked with a bold SKU. Note: These items are available in the 1993 Study Kit.

A. Principles of Ratemaking

This section contains readings which describe ratemaking concepts in broad, general principles as well as in specific detail for many lines of insurance. Certain general subjects of particular importance, such as credibility theory, classification, and individual risk ratemaking, trend and loss development factors, and liability increased limits ratemaking, are addressed in separate papers.

Candidates for this examination should have a thorough understanding of the general, basic principles of ratemaking such that they can analyze the data given, select an appropriate ratemaking technique, and develop a solution to a numerical problem. In addition, candidates should be familiar with the ratemaking techniques presented in the readings, and should be able to compare and discuss why certain procedures are applicable to individual lines of insurance, as well as to be able to work numerical problems using those techniques.

Candidates should also be prepared to discuss specialized concepts in ratemaking, such as trend and loss development, and consider their relationship to changes in the economic environment.

Candidates are not responsible for current, specific developments in ratemaking procedures. However, the 1993 Study Kit contains portions of rate filings along with pertinent explanatory memoranda. This information is provided types of techniques, their application, and how they relate to changes in the economic and social environment.

The following list of topics is typical of those candidates should be prepared to discuss:

- The selection and evaluation of ratemaking techniques corresponding to the characteristics of a given line of insurance:
  a. pure premium versus loss ratio
  b. calendar year versus accident year versus policy year
  c. credibility
  d. territorial and classification relativities

- Methods for trending and projecting losses and premiums (when appropriate):
  a. internal versus external indices
  b. relation to loss development
  c. claim cost projection versus current cost index approach
  d. impact of deductibles, coinsurance, and insurance-to-value programs

- Candidates should also be prepared to discuss and apply ratemaking principles to problems which may not have generally-recognized solutions.

Readings


SK Committee on Ratemaking Principles, Statement of Principles Regarding Property and Casualty Insurance Ratemaking, Casualty Actuarial Society, pp. 71-76.


SK Study Note Reading: “Workers’ Compensation 1985 State X Rate Filing—Excerpts.”


SK Study Note Reading: Chemick, D.R., “Private Passenger Automobile Physical Damage Ratemaking.”


SK Study Note Reading: “Fire—Statewide Rate Level Analysis—Classification Relativity Analysis.”

SK Study Note Reading: “Extended Coverage—Statewide Rate Level Analysis—Classification Relativity Analysis.”


SK Study Note Reading: Head, G.L., *Insurance to Value*, Chapters 1, 2, and 6-8, and Appendices 1-4 (reproduced with permission of Hueber Foundation).


SK Study Note Reading: Tiller, M.W., “Individual Risk Rating.”


SKU Study Note Reading: Robbin, Ira, “The Underwriting Profit Provision” (as updated in 1992).
Part 7

Premium, Loss, and Expense Reserves; Insurance Accounting, Expense Analysis, and Published Financial Information

Prior to commencing study for this four-hour examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining the 1993 Study Kit (which contains Study Notes and out-of-print readings), and other information important to sitting for this examination. Items marked with a bold SK constitute the 1993 Study Kit which is available from the CAS Office at a cost of $30 ($40 Canadian). A 1992 Study Kit Update is at a cost of $15 ($22 Canadian), and includes the items marked with a bold SKU. These items are available in the 1993 Study Kit.

Section A of this examination deals with the analytical techniques which an actuary may employ to develop premium, loss, and expense reserves. Section B deals with the form, content, and interpretation of the two major reports an insurance company makes to regulatory authorities, and with sources of comparative data.

A. Premium, Loss, and Expense Reserves

An actuary may be expected to design and test reserving methods, complete Schedule P of the Annual Statement, and provide a statement of opinion relating to reserves. Candidates should be prepared to discuss such topics as:

- Professional principles and standards of practice applicable to loss reserves.
- The selection and evaluation of a loss reserving method appropriate to a given line of insurance:
  a. For known claims
  b. For IBNR claims
  c. For all incurred claims
- Testing of adequacy of previous loss and loss expense reserve levels.
The identification of, and correction for, effects on loss reserves stemming from:

- Changes in the loss climate
- Changes in a company’s handling of claims
- Data problems

Special reserving situations in a line arising from:

- Catastrophe losses
- Reopened claims
- Policies on a claims-made rather than occurrence basis
- Excess loss reserves
- Discounting loss reserves

- The unearned premium reserve:
  - Improving its accuracy
  - The reserve for retrospective returns
  - Policies on a claims-made basis
  - Deposit premium policies

- Allocated loss expense reserves
- Unallocated loss expense reserves
- Statutory Annual Statement reserves

Candidates should be prepared to compare and evaluate the procedures discussed and the arguments advanced in the readings. The answers provided by candidates will be graded based on their applicability to the specific problem presented and the candidates’ professional competence evidenced by their answers. While the readings for this part provide the basic factual information necessary, practical experience has often proved helpful in successfully completing the examination.

Readings

Association Form of the 1992 Annual Statement Blank for Fire and Casualty Companies, those pages and schedules of the which relate to reserves.


SKU Office of the Superintendent of Financial Institutions Canada, “Report of the Actuary or the Reserve Specialist on the Property and Casualty Business of 1992 Pursuant to the Provisions of the Canadian and British Insurance Companies Act or the Foreign Insurance Companies Act.” (Candidates will not be tested on Section 3.)


Salzmann, R.E., Estimated Liabilities for Losses and Loss Adjustment Expenses, 1984, Chapters 1-3, 6, and 11.


SK American Institute of Certified Public Accountants, "Discounting Claims of Insurance Enterprises."


**B. Insurance Accounting, Expense Analysis, and Published Financial Information**

Candidates should obtain a general knowledge of insurance accounting, including its terminology and practice. A suggested basic accounting reference for candidates is the American Institute for Property and Liability Underwriters CPCU 8 text, *Introduction to Accounting*. A suggested basic overview of insurance accounting is *Basic Concepts of Accounting and Taxation of Property/Casualty Companies*, a monograph by the Insurance Information Institute.

Candidates should have detailed familiarity with the contents, purpose, and recent changes in the Annual Statement Blank and the Insurance Expense Exhibit. This includes a knowledge of the methods of preparation and interrelationships of the various exhibits, schedules, and parts comprising these reports. Instructions for preparation of the Annual Statements are available from the National Association of Insurance Commissioners (NAIC).
stand the details of, and reasons for, the differences between the accounting methods employed under statutory and Generally Accepted Accounting Principles (GAAP) accounting. Candidates should also understand the differences between the statistics included in these reports and those used for ratemaking and the various types of experience analysis. In addition, candidates should be able to interpret and evaluate data from the reports, identify potential distortions in the data, and suggest possible means of adjusting for any distortions.

Readings


Insurance Accounting

Readings

Association Form of 1992 Annual Statement Blank for Fire and Casualty Companies (both individual and consolidated basis).

NEW 1992 Annual Statement Required from Federal and Provincial Insurers Registered or Licensed to Transact the Business of Insurance Other Than Life Insurance in Canada (Form P&C-1).

NEW Insurance Accounting and Systems Association, *Property-Liability Insurance Accounting* (Fifth Edition), 1991, Chapters 1-3, 6-8, 10-12, 14, 15, 17, and Appendices D and E.


SK Committee on Annual Statement, “Audit of Fire and Casualty Insurance Companies,” Chapter 9.


Expense Analysis

Readings

1992 Insurance Expense Exhibit.


New York State Regulations, Title 11, 1963, Parts 105-109 (Regulation 30). (Available from CAS Library.)


Published Financial Information

Candidates should be familiar with the sources of published insurance statistics in order to know where to obtain such information when the need arises. The following annual publications constitute a representative list of such sources:

Readings

Best, A.M., Co., Inc.

Best’s Insurance Reports—Property/Casualty
Best’s Aggregates and Averages—Property/Casualty
Best’s Database Services Experience By-State (By-Line)
Best’s Key Rating Guide—Property/Casualty
Best’s Casualty Loss Reserve Service

The National Underwriter

Profiles (Property/Casualty Insurers Edition)
Profiles (Health Insurers Edition)
Ward’s Insurance Results for Property-Casualty Insurance Companies

New York Insurance Department, *Statistical Tables from Annual Statements*. 
Fellowship Examinations

Part 8

Tort Law and Statutory Insurance; Regulation and Regulatory Issues

Prior to commencing study for this four-hour examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining the 1993 Study Kit (which contains Study Notes and out-of-print readings), and other information important to sitting for this examination. Items marked with a bold SK constitute the 1993 Study Kit which is available from the CAS Office at a cost of $45 ($58 Canadian). It contains some United States- and Canadian-specific material. A 1992 Study Kit Update is available at a cost of $24 ($33 Canadian), and includes the items marked with a bold SKU. Note: These items are available in the 1993 Study Kit.

In each section, there is a body of core material for which candidates will be held responsible. The remaining material in the section is divided according to the country, either the United States or Canada, for which it is primarily relevant. Candidates may choose to be tested on either the material designated Canadian or the material designated as United States and must declare this choice at the time of registration. All candidates will be tested on the core material. A black circle (•) is shown beside the United States material and a black diamond (♦) is shown beside Canadian material.

Candidates should be prepared to answer questions regarding current developments in subjects covered by this examination. A list of potential current events topics will be available by January 15. It will be provided to those students who have already registered by that date. If you plan to register after this date but wish to receive the current events topics as soon as they become available, please contact the CAS Office.

The time frame for current events covers those issues appearing in periodicals that are published from January of the year prior to the examination through March of the year of the examination. However, answers based on more recent information will be acceptable.

Readings

- Candidates should read all issues of the following publications:
  
  Business Insurance
  The National Underwriter (Property-Casualty Risk and Benefits Management Edition)
  Best’s Review—Property/Casualty Insurance Edition

- Candidates should read general property and casualty insurance periodicals or general business publications which cover property and casualty insurance.

A. Tort Law and Statutory Insurance

Legal foundations of tort law and statutory insurance are subjects which are not strictly actuarial in nature, but which affect many areas of an actuary’s work. Since no prior legal knowledge is assumed, the first section includes several readings on tort law. This material should provide background and a basic understanding of how tort law gives rise to the need for insurance.

The background material is followed by a study of insurance coverages mandated by statute. In reviewing the recommended readings, candidates should be aware of the modifications of tort law with the introduction of various “first party” compensation systems.

These first party systems are exemplified by the Automobile No-Fault and Workers’ Compensation coverages. Statutory coverages include those mandated by the state/province and those required by the federal government. State/province-mandated coverages may include automobile, workers’ compensation, and employers’ liability coverages. For automobile insurance, candidates should be aware of the different legal environments presented by different states/provinces including financial responsibility or compulsory insurance laws and various involuntary market mechanisms.

The large variety of individually-tailored state or provincial laws in workers’ compensation makes this area particularly complex, but can-
didates should understand the basic concepts and structure common to the
diverse state or provincial statutes.

Finally, coverages required by the federal government or social insurance
plans are presented. Candidates are expected to be familiar with the basic
principles and concepts underlying the Social Security system in the
United States or the social insurance systems in Canada and with the
general actuarial principles involved in the valuation of these systems.
Candidates are not expected to have detailed knowledge of the current
level of benefits or the formulae used to calculate such benefits.

Background Law and Insurance

Readings

Environment of Insurance* (Third Edition), American Institute for
Property Liability Underwriters, 1987, Vol. II, pp. 131-142, and
183-249.

*Issues in Insurance* (Fourth Edition), American Institute for Property

*Issues in Insurance* (Fourth Edition), American Institute for Property

SK State of New York Advisory Commission on Liability Insurance,
“Reform of the Tort Law,” *Insuring Our Future*, Part Two, Section
II, pp. 121-163.

Tort Litigation. The Story Behind the Statistics*, Rand Institute for

will not be tested on details of cases mentioned only briefly, but will
be responsible for knowledge of cases treated in some depth.)

Brown, C., and Menezes, J., *Insurance Law in Canada*, 1982,
Chapter 1.

Statutory Insurance

Automobile Insurance

Readings

SK Select Committee on Company Law, *The Insurance Industry,*
“Government Presence in the Insurance Industry,” Part III, Chapters
9-11.

O'Connell, J., and Joost, R.H., “Giving Motorists a Choice Between

NEW American Insurance Association, *Summary of Selected State Laws
and Regulations Relating to Automobile Insurance*, 1992 Edition,
(including any subsequent addenda):

a. No-Fault Benefits
b. Add-On Benefits
c. Compulsory Liability, Financial Responsibility, and Uninsured
   Motorists Laws
   Residual Market Plans

Workers' Compensation

Readings

NEW Chamber of Commerce of the United States, *Analysis of Workers’
Compensation Laws*, 1992. (Although candidates are not expected to
memorize the details of this reading, they should be familiar with the
contents thereof and the coverages described.)

SKU Mercer Handbook of Canadian Pension and Benefit Plans, April
1991, Chapter 17.

Government Programs

Readings

Wood, G.L., Lilly, C.C., Malecki, D.S., Graves, E.E., and Rosenblum, J.S.,
*Personal Risk Management and Insurance* (Fourth Edition),
American Institute for Property and Liability Underwriters, 1989,
The basis for insurance regulation is the law of the particular jurisdiction: either state, provincial, or federal. The New York Insurance Law and various Canadian laws are included as typical laws that have evolved over time. In both the background material and in the law itself, candidates should concentrate on those concepts of law which relate to the insurance contract, to the conduct of the business of insurance, and to the way insurance is marketed.

Judicial decisions interpreting the law are also an important component of insurance regulation. Several readings summarize significant cases which served to develop legal precedents.

In recent years, several reports have been issued examining the role of governments in insurance regulation. Excerpts from those reports are included on the Syllabus so that candidates may understand the unique nature of a state/province regulatory system, insurances antitrust immunity, and proposals for change in this immunity.

Candidates should be familiar with the major changes in rate regulation and the various approaches currently in use. Candidates should consider how well each style of rate regulation meets the basic objectives of regulation: insurer solvency, availability of insurance, and fair treatment of policyholders and claimants.

Candidates should also be familiar with a wide range of issues that attract the attention of regulators: ratemaking, classification, shared markets, availability of insurance, insurer profitability, monitoring for solvency, guaranty funds (limiting the harmful effect of insolvency if monitoring does not prevent it), insurance groups, policy language, and unfair competition. Candidates should not only understand the importance of such areas for regulators but also the methods that are used to achieve regulatory goals. Candidates may gain a better understanding of the solvency tests used by reviewing the National Association of Insurance Commissioners (NAIC) publication entitled, Using the NAIC Insurance Regulatory Information System (Property and Liability Edition), 1989, but they will not be held responsible for its contents.

The NAIC is the central body of all state regulation. It meets regularly to consider current issues of concern. Typically, a task force and an advisory committee are established to make recommendations to a full committee.
and to the NAIC itself. These recommendations often take the form of a model law to be enacted by each affected state.

Readings

Candidates will be responsible for the following topics as found in the NAIC Proceedings of 1990 Vols. IA, IB, and II; 1991 Vols. IA, IB, and II; and 1992 Vols. IA, IB, and II:

a. Risk-Based Capital
b. Guaranty Funds
c. Risk Retention Groups

The topics are to be found in the minutes of the following NAIC committees, subcommittees, task forces, etc.:

I. Financial Conditions (EX4) Subcommittee:
   Examination Oversight Task Force
   Property and Casualty Risk-Based Capital Working Group
   Guaranty Fund Task Force (property and casualty topics only)

II. Commercial Lines—Property and Casualty Insurance (D) Committee:
   Risk Retention Working Group

Introduction to Regulation

Readings


Mintel, J., Insurance Rate Litigation, 1983, Chapters 5 and 7. (Candidates will not be tested on details of cases mentioned only briefly, but will be responsible for knowledge of cases treated in some depth.)

• Mertz, A.C., The First Twenty Years.


Ratemaking (including Classification and Profitability)

Readings

Mintel, J., Insurance Rate Litigation, 1983, Chapters 1, 8, 10, 11, and 13.


• New York (State) Laws, Statutes, etc., New York Insurance Law, Article 1, Section 107, Article 73 (all sections). (Candidates are responsible
only for the sections of the law as stated. If studying from publications such as the Consolidated Laws Service, which cite case histories as well as the law itself, candidates are not responsible for the case histories though they may be helpful in gaining an understanding of the law. Candidates will not be tested on those sections of the New York laws dealing exclusively with life insurance and/or annuities.

- Alberta Insurance Act, Part 7, Sections 337-347.
- Newfoundland Automobile Insurance Act, Sections 45-57.
- Nova Scotia Insurance Act, Part VI, Sections 105-111.
- Quebec Automobile Insurance Act, Title VII.

**SKU** Ontario Insurance Commission, *Filing Guidelines for Proposed Revisions to Automobile Insurance Rates and Classes of Risk Exposure, Section 412 of the Ontario Insurance Act*, January 1992, including all Appendices. (Candidates will not be responsible for the detail information.)


**Shared Markets and Availability**

**Readings**


---

**Solvency Monitoring and Guaranty Funds**

**Readings**


- New York Insurance Law, Sections 1301-1303, 1305, 1308-1311, 1414, and 4117.


PART 9

Advanced Ratemaking; Individual Risk Rating

Prior to commencing study for this four-hour examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining the 1993 Study Kit (which contains Study Notes and out-of-print readings), and other information important to sitting for this examination. Items marked with a bold **SK** constitute the 1993 Study Kit which is available from the CAS Office at a cost of $45 ($58 Canadian). A 1992 Study Kit update is available at a cost of $25 ($34 Canadian), and includes the items marked with a bold **SKU**. Note: These items are available in the 1993 Study Kit.

A. Advanced Ratemaking

Candidates for this part are expected to have acquired considerable technical knowledge and practical experience in insurance ratemaking. This examination will assume a working knowledge of basic ratemaking, and will deal with advanced problems such as those covered in the readings listed on the next page. This examination will not necessarily be limited to the excerpts expressed in the listed readings. The ability to apply ratemaking knowledge and experience may be tested through questions dealing with problems for which there are no generally recognized solutions. To some degree, they will deal with the types of practical problems which a fully-qualified actuary working in ratemaking should be able to solve.

Advanced ratemaking consists of two principal sections:

- Classification Ratemaking Topics
- Excess and Deductible Rating.

All the readings in this part should be read for illustrations of basic principles and theories, as well as any insights into advanced ratemaking problems and their solutions. In none of the readings is the derivation of formulae or equations to be stressed, but some applications of those techniques may be required. Some readings are included primarily for their historical significance or to illustrate unique solutions to a ratemaking problem.
Classification Ratemaking Topics.

Readings


Cummins, J.D., Smith, B.D., Vance, R.N., and VanDerhei, J.L., Risk Classification in Life Insurance, 1983, Chapters 3-6. Candidates are not responsible for mathematical proofs. (This text can be purchased from the CAS Library for $60 in U.S. funds or $76 in Canadian.)

SK Study Note: Insurance Services Office, “Monoline-Multiline Ratemaking.”

American Academy of Actuaries Committee on Risk Classification, “Risk Classification Statement of Principles,” June 1980. (Available from the American Academy of Actuaries at no charge.)


Excess and Deductible Rating

This section deals with various techniques for risk sharing between an insured and an insurer.

Candidates should have a general knowledge and understanding of deductible and excess coverages, and the problems inherent in pricing these coverages for various lines.

Readings


Hogg, R.V. and Klugman, S.A., Loss Distributions, 1984, Chapter 5 (5.3-5.6A). (Candidates may need to review sections included in Part 4 readings. Also, note errata sheet in 1993 Study Kit.)


SKU Meyers, G.G., “An Introduction to the Competitive Market Equilibrium Risk Load Formula,” submitted for publication. (Candidates are not responsible for mathematical proofs or for memorization of formulae. Also, candidates are not responsible for Appendices.)


B. Individual Risk Rating

One of the most important functions performed by an actuary is the rating of individual risks. Prior to Part 9, most of the readings were addressed to group or classification risk rating. This part provides detail readings on individual experience risk rating so that candidates will be prepared to
Individual risk rating consists of two principal sections:

- Prospective rating, which is more commonly known as Experience Rating, and
- Retrospective rating.

The readings range from those that discuss the theoretical foundation of individual risk rating to those that discuss the application of various plans.

Candidates will be expected to have a good working knowledge of credibility, loss limitation, and rate modification concepts as they apply to prospective and retrospective rating; and loss distribution, insurance charge, and excess loss charge concepts as they apply to retrospective rating. Candidates can be expected to apply these concepts in a creative and problem-solving manner.

Candidates are also expected to be knowledgeable in the application of individual risk rating plans currently in use (excluding individual state pages) and should anticipate answering questions in the manner of an insurance consultant for an insured.

Experience Rating

Readings


Candidates should study the following rating plans and the forms used in the application thereof:


SK Insurance Services Office, Experience and Schedule Rating Plans Applicable to General Liability, ISO Circular GL-90-217 (Conversion to Loss Cost Basis.)


Retrospective Rating

Readings


Candidates should study the following retrospective rating plans and the forms used in the application thereof:


Lee, Y.S., “The Mathematics of Excess of Loss Coverage and Retrospective Rating—A Graphical Approach,”PCAS LXXV, 1988, p. 64, Section 4. (Candidates are not responsible for “Other Applications” on pp. 75-76.)


**PART 10**

Financial Operations of Insurance Companies; Reinsurance; Forecasting; Valuation Topics

Prior to commencing study for this four-hour examination, candidates should read the “Recommendations for Study” section, on pages 29-31 of this Syllabus, for study suggestions, guidance in obtaining the 1993 Study Kit (which includes Study Notes and out-of-print readings), and other information important to sitting for this examination. Items marked with a bold **SK** constitute the 1993 Study Kit which is available from the CAS Office at a cost of $25 ($34 Canadian). A 1992 Study Kit update is available at a cost of $16 ($23 Canadian), and includes the items marked with a bold **SKU**. Note: These items are available in the 1993 Study Kit.

Candidates should be prepared to answer questions regarding current developments in subjects covered by this examination. A list of potential current events topics will be available by January 15. It will be provided to those students who have already registered by that date. If you plan to register after this date, but wish to receive the current events as soon as they become available, please contact the CAS Office.

The time frame for current events covers those issues appearing in periodicals that are published from January of the year prior to the examination through March of the year of the examination. However, answers based on more recent information will be acceptable.

**Readings**

Candidates should read all issues of three publications such as:

- *Business Insurance*
- *Best’s Review*—Property/Casualty Insurance Edition

Part 10 represents the final step in the examination process and is designed to test both the breadth and depth of the candidates’ understanding of the insurance process. Candidates are expected to have acquired considerable

The required reading material for this examination is divided into four sections, much of which builds upon information covered in previous examinations. Questions may be asked which require use of material mastered in preparation for previous examinations.

**A. Financial Operations of Insurance Companies**

This section explores the relationship between insurance concepts, such as underwriting profits, surplus-to-surplus ratios, surplus requirements, and investment income, and financial concepts, such as interest rates, inflation rates, cost of capital, and risk premiums. The effects of federal income taxes on insurance operations are also examined.

**Readings**

The readings may be grouped into four categories:

- The Ferrari, Roth, D’Arcy, and Risk-Based Capital Requirements readings discuss the primary concepts and demonstrate the major relationships.
- The two readings by Busis deal with inflation rates and discount rates, both for insurance profits and for loss reserves.
- The Myers and Cohn, the D’Arcy and Doherty, and the Feldblum readings present financial pricing models that are currently used in the insurance industry. Candidates should pay particular attention to two questions: (1) “How do these pricing models differ from each other?” For instance, how does a net present value model differ from an internal rate of return model? and (2) “Whose point of view is represented by each model—that of the insurer, the regulator, the policyholder, or the equity provider?”
- The Insurance Accounting and Systems Association, and the Almagro and Ghezzi readings provide an overview of federal income tax law applicable to insurance companies, as well as a model for combining underwriting and investment strategy.

Candidates may find the Part 5B readings useful as background for the Part 10A material. The textbook by Brealey and Myers is important, particularly for comprehending the Ferrari and Busis readings. The article by Mullins is helpful when covering the Myers and Cohn and the D’Arcy and Doherty readings, both of which deal with the Capital Asset
B. Reinsurance

This section deals with various techniques for risk sharing between an insurer and a reinsurer.

Candidates should have a general knowledge and understanding of the various types of reinsurance, the purpose and/or function of each type, reinsurance programs, reinsurer underwriting, the effects of reinsurance transactions on company operating results and other financial information, as well as methods employed to analyze costs.

Readings

Strain, R.W., (Ed.) Reinsurance, The College of Insurance, 1980, Chapters 3, 9, and 12. (Candidates may find the following companion book helpful in preparing for this material: Reinsurance Practices—A Workbook with Cases, Strain, R.W. (Ed.), The College of Insurance, 1982. However, no questions will be taken directly from this workbook.)


C. Forecasting

In addition to employing forecasting techniques in both ratemaking and
reserving, an actuary may be expected to develop both short- and long-
range forecasts, and to play a key role in the corporate planning process
of an insurance company. This section is designed to familiarize can-
didates with various techniques employed in forecasting and planning. It
is intended to provide an understanding of the advantages and disad-
vantages of various forecasting methods, how to interpret statistical
measures in evaluating various techniques, and the assumptions underly-
ing each.

Readings

NEW Makridakis, S., and Wheelwright, S.C., Forecasting Methods for
Management (Fifth Edition), 1989, Chapters 1-2, 4-7, 10, 15, 17, and
20. (Candidates are presumed to be familiar with the material on
regression in Chapters 8 and 9, which is also covered in the Miller
and Wichern text used in preparation for Part 3A—SOA Course 120.)
[Includes errata sheet in Study Kit.]

Workmen’s Compensation,” PCAS LXI, 1974, pp. 170-189. Including
discussions of papers: Brian, R.A., PCAS LXII, 1975, pp. 172-
173; Skurnick, D., PCAS LXII, 1975, pp. 174-176.


Alff, G.N., “A Note Regarding Evaluation of Multiple Regression
Models,” PCAS LXXI, 1984, pp. 84-95.

SK Gardner, Jr., E.S., “A Simple Method of Computing Prediction
Intervals for Time Series Forecasts,” Management Science, April
1988, Vol. 34, No. 4, pp. 541-546.

D. Valuation Topics

This section presents an introduction to several concepts involved in the
valuation of insurance companies. Candidates are expected to develop an
understanding of the various techniques presented in the readings and be
able to apply these techniques in a problem-solving situation. Since the
should be prepared to compare and evaluate the procedures discussed and
the arguments advanced in the readings.

Readings

SK Sturgis, R.W., “Actuarial Valuation of Property/Casualty Insurance
Companies,” PCAS LXVIII, 1981, pp. 146-159. Including discus-
sions of papers: Lowe, S.P., PCAS LXIX, 1982, pp. 120-126; Roth-

SK Miccolis, R.S., “An Investigation of Methods, Assumptions, and Risk
Modeling for the Valuation of Property-Casualty Insurance Com-
panies,” Financial Analysis of Insurance Companies, Casualty Actu-


SK Noris, P.D., “Asset/Liability Management Strategies for Property and
Casualty Companies,” (Excluding sections I, II, V, and VI), Morgan

of Insurance Companies, Casualty Actuarial Society Discussion

Dembiec, L.A., Pogorzelski, J.D., and Rowland, Jr., V.T., “The Measure-
ment and Management of Interest Rate Risk,” Valuation Issues,

Feldblum, S., “Asset Liability Matching For Property/Casualty Insurers,”
Valuation Issues, Casualty Actuarial Society Special Interest Semi-
nar, 1989, p. 117.

Casualty Actuarial Society, “Statement of Principles Regarding Property
and Casualty Valuations as adopted September 22, 1989,” Casualty
Actuarial Society Yearbook, 1992, p. 149.

SKU Actuarial Standards Board of the American Academy of Actuaries,
“Actuarial Standards of Practice No. 19, Actuarial Appraisals (Doc-
Index to Text References

Most of these text references may be obtained on loan from the CAS Library. Material that is new in 1993 will be made available as soon as possible. The following information is furnished for those who wish to purchase the text references cited in the examination part descriptions.

Part(s)


3 American Institute of Certified Public Accountants, Audits of Fire and Casualty Insurance Companies, Chapter 9, American Institute of Certified Public Accountants, P.O. Box 1003, New York, NY 10108-1003, telephone: (212) 575-6200.


8 Business Insurance, published weekly by Crain Communications, Inc., 740 N. Rush St., Chicago, IL 60611-2590, telephone: (312) 649-5303.

9 Canadian and British Insurance Companies Act, Government Publishing Center, Supply and Services Canada, Ottawa, Ontario, Canada K1A 0S9.

10 Canadian Institute of Actuaries, Suite 1040, 360 Albert St., Ottawa, Ontario, Canada K1R 7X7.


12 Chamber of Commerce of the United States, 1615 H Street, N.W., Washington, DC 20062, telephone: (202) 659-6000.

9 Cummins, J.D., Smith, B.D., Vance, R.N., and VanDerhei, J.L., *Risk Classification in Life Insurance*. (Candidates may purchase book from CAS Office for $60.)


7, 10 Insurance Accounting and Systems Association, *Property-Liability Insurance Accounting*, P.O. Box 51340, Durham, NC, 27717, telephone: (919) 489-0991.

8 Insurance Bureau of Canada, 425 de Maisonneuve Boulevard West, Suite 900, Montreal, Quebec, Canada, H3A 3G5, telephone: (514) 288-1563, fax: (514) 288-0753.

3 Insurance Information Institute, 110 William St., New York, NY

10 Insurance Institute of America, 720 Providence Rd., Malvern, PA 19355-0770.

3 Insurance Services Office, 7 World Trade Center, New York, NY 10048.


7 Journal of Insurance Regulation, National Association of Insurance Commissioners, 120 W. 12th St., #1100, Kansas City, MO 64105, telephone: (816) 842-3600.

8, 10 Journal of Risk and Insurance (The), Brooks Hall, University of Georgia, Athens, GA 30602.


1 Kolman, B., *Introductory Linear Algebra With Applications* (Third Edition), Macmillan, Inc. (This text is not available from the publisher, but may be purchased at many college bookstores.)


8 Mertz, A.C., *The First Twenty Years*, National Association of Independent Insurers. (Available from many property-liability insurance companies and from CAS Library. Do not write to National Association of Independent Insurers.)


7, 8 National Association of Insurance Commissioners, 120 W. 12th St., #1100, Kansas City, MO 64105, telephone: (816) 842-3600.

3, 5, 9 National Council on Compensation Insurance, One Penn Plaza, New York, NY 10119.

8, 10 National Underwriter, Property & Casualty/Risk & Benefits Management Edition, 505 Gest St., Cincinnati, OH 45203, telephone: (513) 721-2140.

7 National Underwriter Co. (The), 420 E. Fourth St., Cincinnati, OH 45202.

8 New Brunswick Insurance Act, Queens Printer, Box 6000, Fredericton, New Brunswick, Canada E3B 5H1, telephone: (506) 453-2520.

7 New York (State) Insurance Department, Publications Unit, Agency Building I, Empire State Plaza, Albany, NY 12257, telephone: (518) 474-1203.

8 New York (State) Laws, Statutes, etc., New York Insurance Law. (This can be obtained from the West Publishing Co., St. Paul, MN.)

8 Newfoundland Automobile Insurance Act, Queens Printer, Box 8700, St. Johns, Newfoundland, Canada A1B 4J6, telephone: (709) 729-3649.


8 Quebec Automobile Insurance Act, Quebec Official Publisher, 1283 Boulevard Charest Ouest, Quebec, Canada G1N 2C9.

7 Salzmann, R.E., Estimated Liabilities for Losses and Loss Adjustment Expenses, Prentice-Hall, Inc., Route 59 at Brook Hill Dr., West Nyack, NY 10993.


5 Stigler, G.J., The Theory of Price (Fourth Edition), Macmillan Publishing Co., 445 Hutchinson Ave., Columbus, OH 43235. (To purchase this book at a 25 percent discount, candidates may contact the CAS Office to obtain an order form. Orders should be placed directly with the publisher, however.)

10 Strain, R.W., Reinsurance, College of Insurance Book Store, 101 Murray Street, New York, NY 10007; and Strain Publishing & Seminars, Inc., Box 1520, Athens, TX 75751, telephone: (903) 677-5974 or (914) 832-9384.


8 T.R.A.C. Insurance Services Ltd., Suite 600, 133 Richmond St. West, Toronto, Canada M5H 213, telephone: (416) 363-8266.

8 U.S. General Accounting Office, Distribution Section, Room 1518, 441 G. St., N.W., Washington, D.C. 20548.

8 Waddams, S.M., The Law of Damages, Canada Law Book Ltd., 240 Edward St., Aurora, Ontario, Canada L4G 3S9, telephone: (416) 841-6472.
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  ___ Baltimore ___ Hartford-Springfield ___ New York-Newark
  ___ Boston-Worcester ___ Indiana-Kentucky-Ohio ___ Philadelphia
  ___ Chicago ___ Los Angeles  ___ St. Louis
  ___ Columbus, OH ___ Madison ___ Seattle
  ___ Denver  ___ Milwaukee ___ Washington, DC
Other: ___________________________________________
I am interested in:
  ___ Information concerning classes in my area.
  ___ Aid in setting up a self-study program.
  ___ Forming a study group in my area.
  ___ Information concerning Canadian correspondence classes.
# Order Form for Study Material for 1993 CAS Examinations

SEND TO: The Casualty Actuarial Society  
P.O. Box 425  
Merrifield, VA 22116-0425

Name: ___________________________  
Address (No P.O. Boxes, please): ___________________________________________  
Daytime phone: ___________________________

Refer to pages 41-89 of this Syllabus for content of study material. All Study Kits include Updates. Study Kits and Updates will be available beginning December 1, 1992. Make checks payable to Casualty Actuarial Society in U.S. or Canadian funds. When ordering from outside North America, add 50% to prices shown below. Please allow four weeks for delivery within the United States and Canada. NO RETURNS.

<table>
<thead>
<tr>
<th>Study Material</th>
<th>Quantity</th>
<th>Price U.S.</th>
<th>Price Canada</th>
<th>Total</th>
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<td>Parts 1 and 2 Sample Questions</td>
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<td>Parts 3A and 3C—Contact the Society of Actuaries for Study Material</td>
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Subtotal: ___________________________  
Discount, if applicable (@20%): ___________________________  
Total: ___________________________

Note: All orders must be prepaid. Make checks payable to the Casualty Actuarial Society in U.S. or Canadian funds, as applicable. Orders can be shipped to the address provided or an alternative address if specified.