



# CASUALTY ACTUARIAL SOCIETY **ANNUAL REPORT**



**100 Years of Expertise,  
Insight & Solutions**

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## ● Letter from the President



The year 2014 was one we can all be exceptionally proud of as CAS members. Our Annual Report details our accomplishments in all areas key to our success: basic education, continuing education, research, outreach, and community. Underscoring all our successes are the professionalism and commitment of our members who make it happen.

A theme over the past year was our commitment to collaboration, which calls for active engagement with our various stakeholders. A good illustration of that was our work with universities. In FY 2014, CAS Student Central registered more than 900 students from 250 schools. CAS Academic Central is up and running with 200 academics participating. And more than 400 University Liaisons meet with students throughout the year to provide guidance only an experienced practitioner can give. These new and revamped programs have been put in motion in just a short time thanks to our volunteers and staff, and our commitment to building collaborative partnerships. The following pages detail many more similar successes.

Looking ahead, we have a wealth of opportunities to lead and show our strengths identifying, assessing, quantifying and mitigating risk. Risk is inherent in so many emerging concerns, and there are opportunities everywhere for casualty actuaries. We can add value both to our employers and society with our combination of analytical skills and business understanding.

The foundation for that skill set is our basic education system, which remains the standard employers and regulators expect. Our more than 600 exam committee volunteers provide the critical breadth of expertise and experience that only practitioners can provide. We will maintain the unparalleled value of our credential.

We are moving away from representative democracy to popular democracy, with constant feedback and interaction with our various publics, including members and employers. Our interaction with our members at our various continuing education programs, like the Spring and Annual Meetings, seminars, workshops, and Regional Affiliates meetings, provide us with broad, current perspectives on what our members expect from our leadership and the CAS. Our Employers Advisory Council imparts valuable insight into how our members can best meet employers' evolving requirements.

We listen; that's our culture. We all want the highest standards for the CAS and our collective professionalism. We expect excellence from our leaders, from the CAS as an organization and from each other as individual members. Our dedication, passion and professionalism are the keys to ensuring our continued success in the years to come.

A handwritten signature in black ink that reads "Wayne H Fisher".

Wayne Fisher, President

# ● CAS's Mission, Vision and Core Values

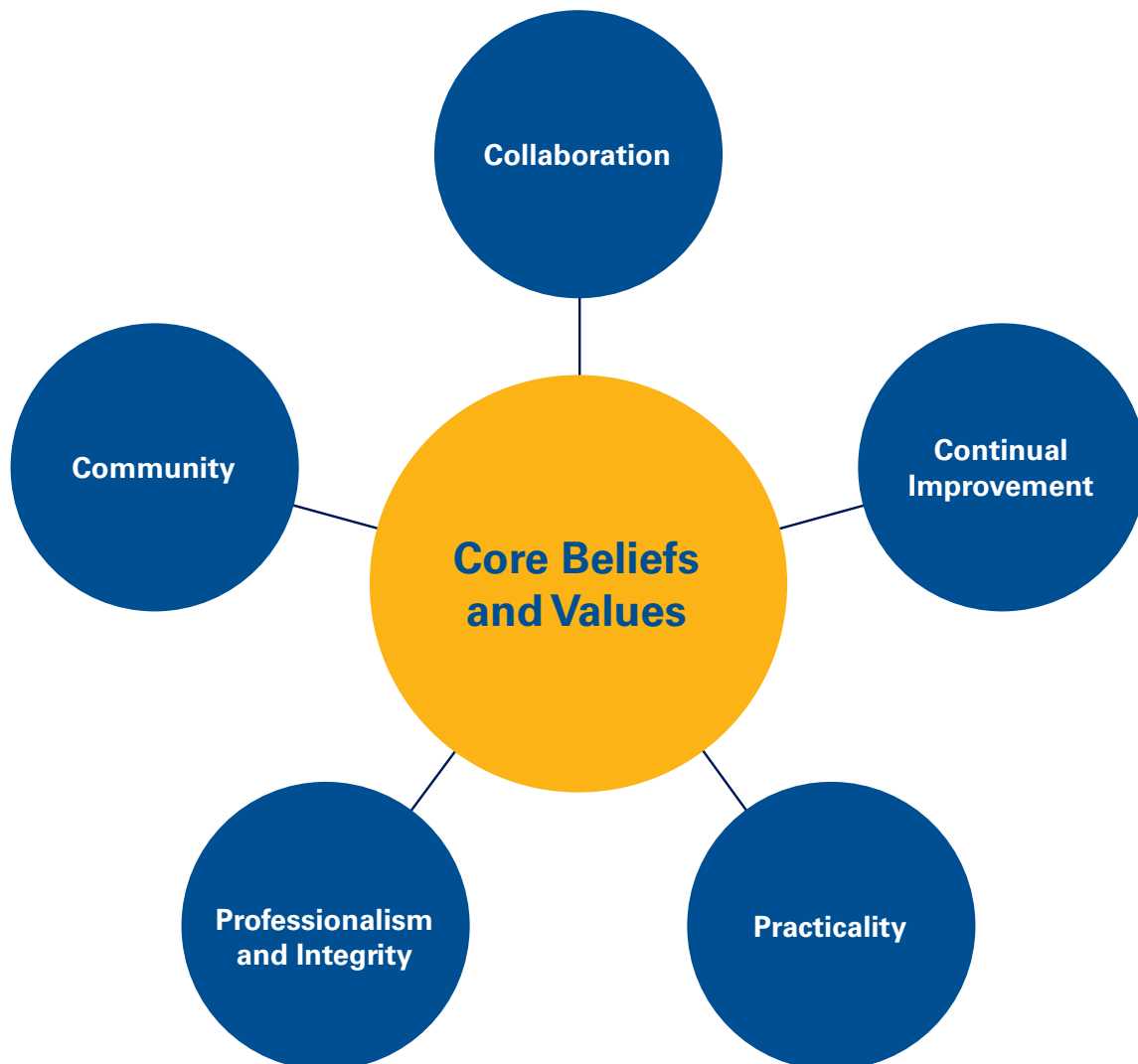
## Mission

The purposes of the Casualty Actuarial Society are:

- to advance the body of knowledge of actuarial science applied to general insurance, including property, casualty and similar risk exposures;
- to expand the application of actuarial science to enterprise risks and systemic risks;
- to establish and maintain standards of qualification for membership;
- to promote and maintain high standards of conduct and competence;
- to increase the awareness of actuarial science;
- and, to contribute to the well being of society as a whole.

## Vision

Actuaries are recognized for their authoritative advice and valued comment wherever there is financial risk and uncertainty.

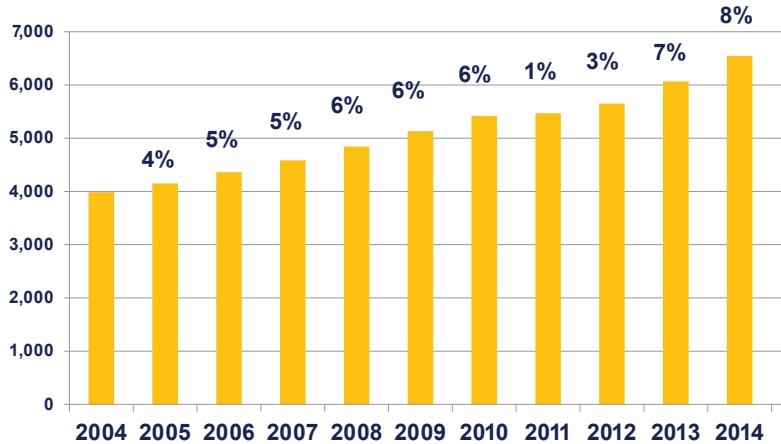




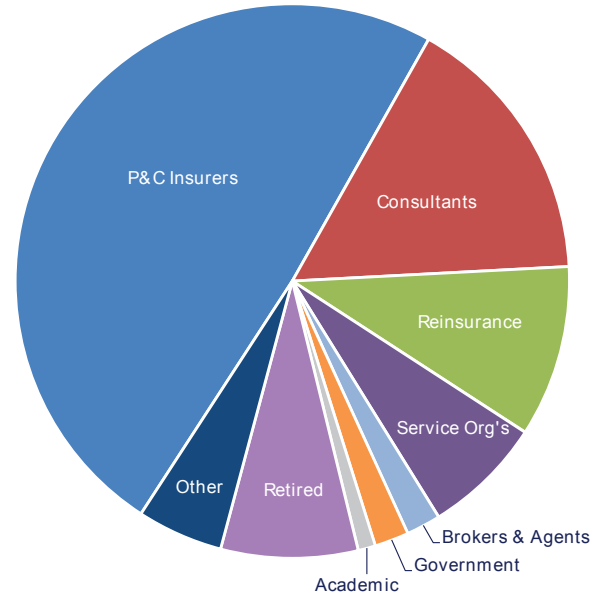
## ● Membership Demographics

During 2014, CAS membership grew by 8% to 6,532 total members.

### CAS Member Growth 2004-2014



### CAS Members by Type of Employment



## 2014 Geographic Membership Distribution

The CAS has members in 33 countries. The top nine countries from 2014 where CAS members reside were as follows:

Count of Country		
Country	2013	2014
United States	5,132	5,503
Canada	522	598
Bermuda	111	120
United Kingdom	54	55
China	51	65
Hong Kong	32	28
Switzerland	32	30
Singapore	22	23
Germany	14	13
Other	97	97
Grand Total	6,067	6,532

## Volunteerism

Since the founding of the CAS in 1914, volunteers have been the main life force sustaining the organization through its various dimensions of growth—in the examination process and in the variety of continuing education activities, as well as in supporting the sheer growth in membership. As a result, members of the CAS through their numerous volunteer activities essentially direct all phases of CAS operations.

In FY 2014 alone, 2,188 out of 6,532 CAS members served as volunteers. That's 33.5% of the membership! Volunteer positions include the entire range of CAS activities: the examination committees, research and development activities, liaison representatives, and various program committees and speakers, who serve as faculty for these programs. Many of these activities cannot take place without the active participation of dedicated CAS volunteers.

### Top Ten Employers with the Largest Number of Fellows Volunteering



# ● Association Accomplishments

## Admissions and Examination Highlights

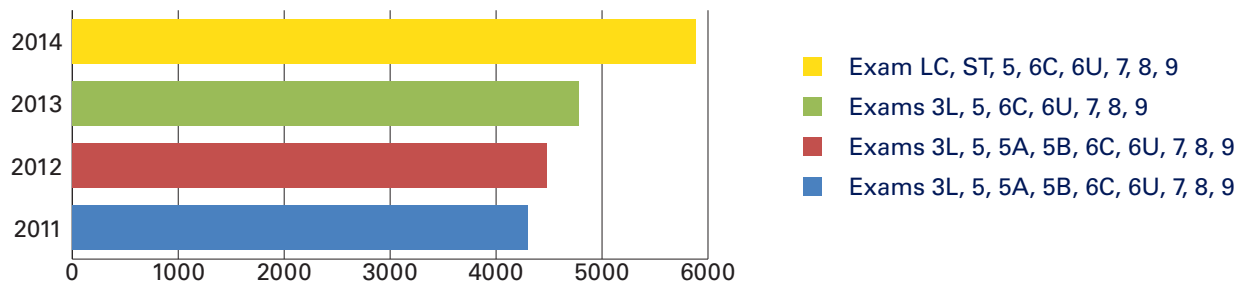
### CAS Examinations, Spring and Fall 2014

Summary for CAS-specific Exams LC, ST, 5, 6C, 6US, 7, 8, and 9	
Exams in the U.S. and Canada	5,292
Exams outside the U.S. and Canada	592
Total	5,884
Total Pass Ratio	44.9%
New Fellows	245
New Associates	414

\*exams LC, ST, 5, 6C, 6US are given twice a year

\*\*exams 7, 8, and 9 are given once a year

### Total Exam Registrants 2011-2014



## Introducing Exam S, New Preliminary Exam

The CAS has always been committed to producing property and casualty actuaries of the highest caliber. As the actuarial profession continues to evolve, so does the educational training that actuaries need in order to stay ahead of the curve. For example, over the past decade, it has become increasingly important for property and casualty actuaries to have a deeper understanding of statistics and its applications. The CAS responded to feedback from employers that the increased use of advanced analytics required an increased emphasis on statistics in its Syllabus of Basic Education. To meet these needs the CAS will offer a comprehensive preliminary exam and introduce advanced statistical topics within current examinations.

**Exam S (Statistics and Probabilistic Models)** will be a four-hour multiple choice exam covering undergraduate-level statistics topics on the current Exam ST, Exam LC, and VEE Statistics syllabi, as well as other topics, such as introductory generalized linear modeling. This exam will replace Exam ST, Exam LC, and VEE Statistics, and will first be offered in Fall 2015. To allow for a smooth transition, Exams ST and LC will be offered for two additional sittings (Fall 2015 and Spring 2016) coincident with the introduction of Exam S; any candidates with credit for Exam ST, Exam LC and VEE Statistics would be exempt from Exam S.

## University Engagement

### CAS Student Central



To strengthen its engagement with university students, the CAS created a student membership program called CAS Student Central, introduced in January 2014. This program provides university students with the tools and expertise to make the transition from the classroom to a career as a P&C actuary. Students can access resources available on a dedicated website, [CASstudentcentral.org](http://CASstudentcentral.org), and in a personalized online community. They are also invited to attend in-person Student Programs at CAS meetings and seminars, and a student-specific webinar each semester. These opportunities were attended by 125 CAS Student Central members. By October 2014, CAS Student Central had gained more than 900 student members from over 250 schools worldwide.

### CAS University Liaison Program

The CAS University Liaison Program, which matches CAS members with colleges and universities, grew significantly last year. University Liaisons visited campuses across the globe participating in career fairs, conducting presentations at student clubs and in classrooms, and sharing information and CAS resources with professors and students. The University Engagement Committee provided University Liaisons with webinar trainings held at the beginning of each semester, and introduced a Communication Toolkit, created to help facilitate the University Liaisons' campus visits.

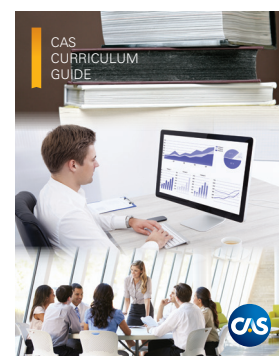
### CAS Academic Central

The CAS increased its support to academics through the re-launch of an existing program for academics in spring 2014. The updated program, CAS Academic Central, was introduced with the elimination of its previous membership fee and an expanded list of benefits, which included access to a new online community. Since CAS Academic Central was re-launched, the program has increased from 52 members to more than 200 members.

University Engagement Metrics	October 2013	October 2014
# of University Liaisons	279	410
# of Schools Assigned a University Liaison	231	354
# of Student Central Members	N/A	912
# of Schools Represented by Student Central Members	N/A	263
# of Academic Central Members	52	203
# of Schools Represented by Academic Central Members	44	145

### Resources for Academics and Students

This past year, the CAS published two highly anticipated resources: a curriculum guide and a series of property casualty actuarial case studies. The curriculum guide identifies areas of focus for entry-level actuaries and outlines information on how to attain the required knowledge and skills in these areas. The case study series covers probability, catastrophe modeling, warranties, liabilities and auto insurance, and comes with a Facilitator's Guide, presentation slides, a recorded presentation and problem sets. The CAS Student Central website was updated with these resources, along with an extensive listing of companies that offer P&C actuarial internship opportunities.

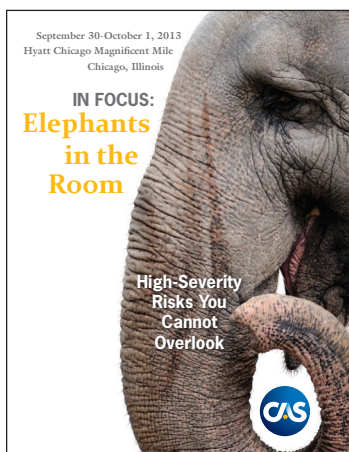


## Continuing Education

### In-Person Meetings and Seminars

The number and variety of CAS offerings represent an ongoing expansion of education services to respond to members' demand for high-quality, affordable continuing education opportunities. A total of 4,297 people attended the seven largest CAS meetings and seminars, plus the International Congress of Actuaries, which was co-hosted by the CAS.

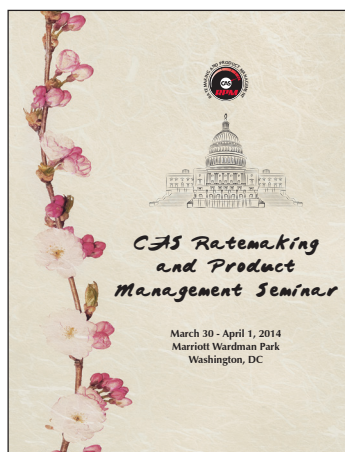
### FY 2014 Meetings and Seminars



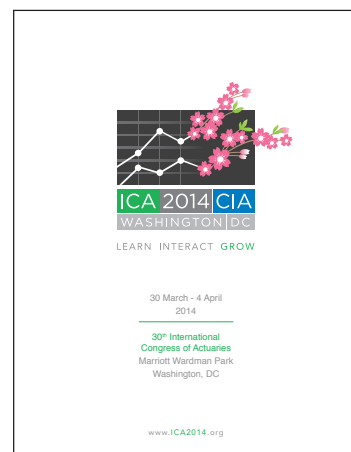
**In Focus: Elephants in the Room**  
Chicago  
130 Attendees



**Annual Meeting**  
Minneapolis, MN  
820 Attendees



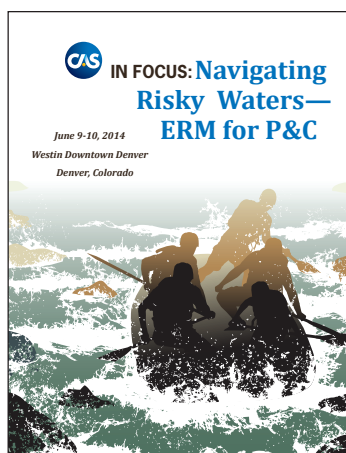
**Ratemaking and Product Management Seminar**  
Washington, DC  
655 Attendees



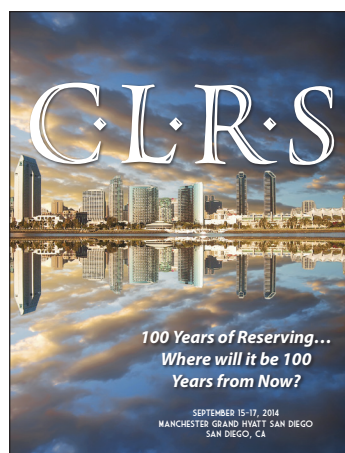
**International Congress of Actuaries**  
Washington, DC  
1,162 Attendees



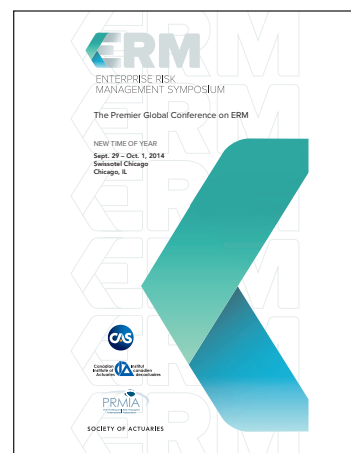
**Seminar on Reinsurance**  
New York, NY  
394 Attendees



**ERM for P&C Actuaries**  
Denver, CO  
106 Attendees



**CLRS**  
San Diego, CA  
633 Attendees



**ERM Symposium**  
Chicago, IL  
397 Attendees





## International Congress of Actuaries 2014

The CAS joined with the four other U.S. actuarial associations to host the 30th International Congress of Actuaries, in Washington, D.C.



## Web and Online Offerings



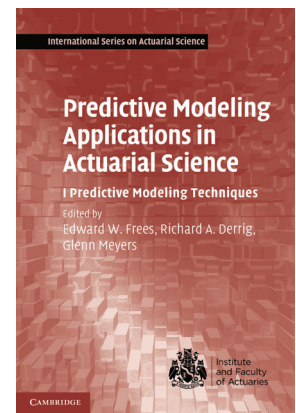
\*The amount of CE credit that can be earned for participating in this activity must be assessed by the individual attendee. It also may be different for individuals who are subject to the requirements of organizations other than the American Academy of Actuaries.



## ● Research and Development

During 2013 – 2014 the CAS Research Department completed a number of significant projects, including:

- **Essays on the Impact of Climate Change on the Insurance Industry**
  - o Seven essays on the topic were published in the CAS E-Forum, Winter 2014 edition.
- **Actuarial Measures of Housing Value**
  - o This report presents a methodology of calculating actuarial housing values to help lenders and regulators assess collateral risk at the portfolio level.
- **Regulatory Risk & North American Insurance Organizations (North American Actuarial Council)**
  - o A collaborative project that provides examples of regulatory risk among regulatory structures in North America and suggests mitigation strategies.
- **Predictive Modeling Applications in Actuarial Science, Volume 1**
  - o The first book in this two-part series offers a refresher on modern-day data-mining techniques and addresses advanced statistical topics to help develop a competitive advantage.
- **Report on Capital Allocation**
  - o This report reviews the various approaches to capital allocation and identifies circumstances under which pricing based on capital allocation is economically optimal.
- **2014 Reserves Call for Papers**
  - o Five papers were published as part of the annual call for papers that advances the literature on reserving topics.
- **Essays on How to Review an ORSA (Joint Risk Management Section)**
  - o This collection explains how companies should create processes and reports that meet their internal management and strategic needs as well as satisfy ORSA regulatory requirements.
- **Report on NHTSA Causation Survey for Automated Vehicles.**
  - o The CAS Automated Vehicles Task Force report re-evaluates The National Highway Transportation Safety Administration's National Motor Vehicle Crash Causation Survey in the context of an automated vehicle world and offers areas for future research.
- **Risk-Based Capital (RBC) Working Party Reports**
  - o Two reports were issued that address the calibration of reserve risk charges for use in the NAIC RBC Formula and the differences in premium risk factors by type of company.



## ● Marketing and Communications

In a continuing effort to promote the CAS brand to key stakeholders, the CAS embarked on a number of different outreach activities, all designed to reinforce the CAS Brand Promise:

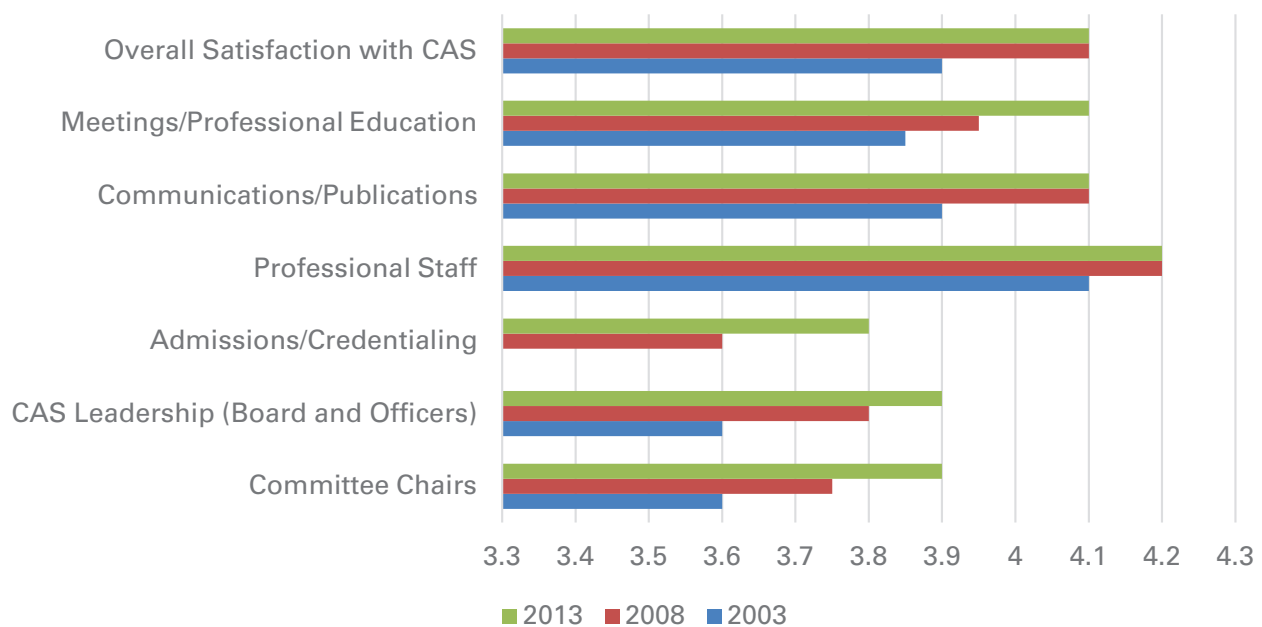
*We focus on supporting casualty actuaries who are committed to achieving their full professional potential while maintaining the highest standards of conduct and competence.*

### Outreach to CAS Members

Every five years, the CAS conducts a major survey of its members. The results of these membership surveys provide CAS leadership with valuable input that helps shape the short and long-term direction of the organization. The 2013 Survey was conducted online during December 2013 and January 2014. The response rate was 41%, with 2,497 out of the 6,057 members completing the survey.

One notable finding was that overall Satisfaction with the CAS is still strong. The survey asked members to rate their level of satisfaction with specific aspects of the CAS, as well as their overall satisfaction with the CAS. Overall, satisfaction with the CAS continues to be tremendous with almost 80% of the respondents somewhat satisfied or very satisfied. The CAS professional staff maintained the highest average satisfaction rating, followed by communications/publications and meetings/professional education. Satisfaction with CAS leadership, professional staff and Committee Chairs all increased over the 2008 levels.

**Member Satisfaction with Various Aspects of CAS**



## Connecting with Candidates for Membership (those who are taking CAS examinations)

The CAS formed the Candidate Working Group to determine ways that the CAS could increase engagement with its candidates. The first step was to conduct market research to gain a better understanding of candidate's wants and needs. To gain an in-depth understanding of the candidate population, defined for research purposes as candidates who had registered for at least one CAS exam in the past 36 months, the CAS conducted 20 telephone interviews with a representative sample of candidates. This was followed by an online survey of all candidates in September 2014. The 811 responses from 26% of the candidates surveyed was encouraging. The results of the survey are being reviewed and will be presented to the CAS Executive Council and Board of Directors in March 2015.

## Employers of CAS Members and Candidates

In conjunction with the Brand Implementation Task Force, the CAS is established an Employers Advisory Council, comprised of 13 chief actuaries/practice leaders representing a broad cross section of the practice areas, geographies, and environments in which CAS members are employed. The Council met three times during 2014. The Council is a resource to the CAS in understanding employers' expectations for their actuarial professionals and assessing CAS performance in delivering on those expectations. The Council provides insights and suggestions to enhance CAS value by reviewing the CAS mission, strategic direction and programs.

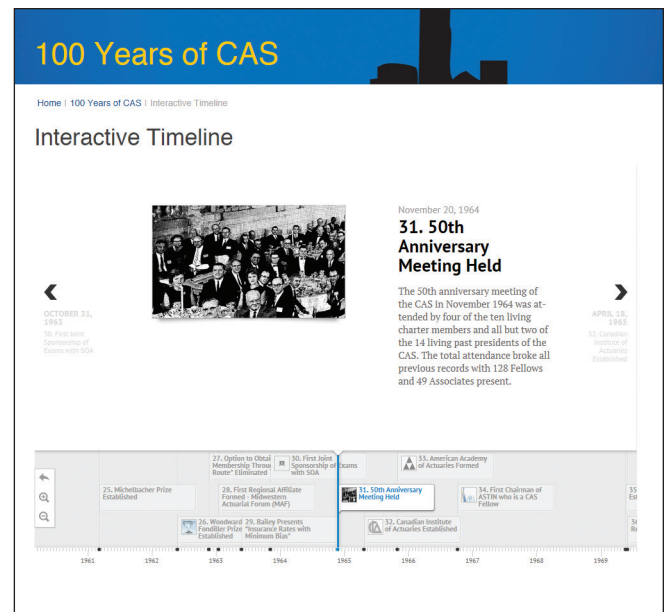
In addition, CAS leadership extended an invitation to several large employers of casualty actuaries to meet privately with company leadership and their actuaries at a location of the employer's choice. If an employer is interested in arranging such a meeting, feel free to reach out to Megan Lavine (mlavine@casact.org) at the CAS Office.

## The CAS Centennial Year

The close of the 2013 CAS Annual Meeting in November marked the beginning of the CAS Centennial Year, which would ultimately culminate at the CAS Centennial Celebration and Annual Meeting in November 2014.

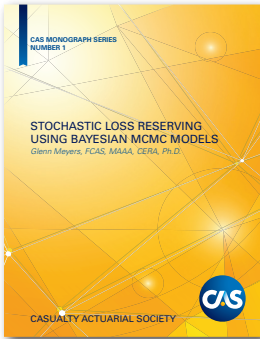
Aside from the Centennial Meeting itself, the CAS is marked its 100th anniversary by:

- Developing a Centennial History Book
- Creating an online gallery of historical photos and videos
- Launching the Centennial Website
- Presenting Milestones from the First 100 Years of the CAS through an interactive timeline that describes the seminal moments in the CAS's rich history.



## Publications

Each year the CAS's many publications contribute to the rich trove of actuarial literature. The year 2014 carried forward the missions of CAS publications and witnessed the progression and culmination of many projects begun years before.

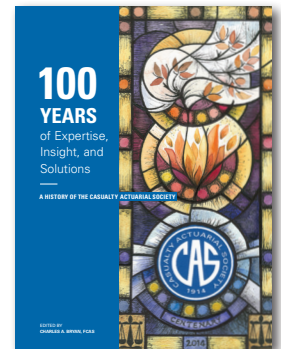


### CAS Monograph Series

Five years ago, the CAS began an initiative to create a CAS Monograph Series that would be composed of authoritative works on important topics in casualty actuarial science. The CAS Monograph Editorial Board solicited, searched for and found excellent prospects for publication, and managed the work of conducting peer reviews for papers that had been submitted. At the close of 2014, two submissions have been fully accepted for publication in early 2015; several more are in the pipeline.

### CAS Centennial History Book

Ten years ago, in anticipation of the CAS Centennial, a small group of members laid the groundwork for a commemorative history book. The group's approach was to reflect the outlooks of many authors, each whom would write in depth about their own interest areas. Titled *100 Years of Expertise, Insight, and Solutions*, the book explores the professional and volunteer lives of CAS members — their dedication to the association, and the friends and mentors they gained from volunteering — and what it means to participate with like-minded individuals. The book also chronicles of the evolution of the casualty actuarial profession and how sharing of intellect and ideas has contributed much to society and the business world.



### Other CAS Publications

Other established CAS publications were equally dynamic in 2014. *Actuarial Review* continued its second year as a magazine, building on its advertising revenue and increasing its budget for freelance writers and designers, which provided AR readers with more in depth feature articles and evocative artwork. The magazine was also recognized for excellence by winning the Silver EXCEL Award in the category "Newsletters — Redesign to Print Magazine" from Association Media & Publishing.

The CAS published volume 7, issue number 2 of its peer reviewed journal *Variance*. The quarterly print *Future Fellows* newsletter was distributed to CAS candidates. The E-Forum produced another robust year of offerings, in particular the reports of the Automated Vehicles Task Force and the Risk-Based Capital Dependencies and Calibration Working Party.

Through its publications and numerous research projects, the CAS demonstrates its commitment to advancing the body of knowledge of actuarial science applied to property, casualty, and similar risk exposures.

# ● CAS Governance— Board of Directors and Executive Council

## Executive Council



**Wayne Fisher\***  
President



**Bob Miccolis\***  
President-Elect



**G. Chris Nyce**  
Vice President—  
Administration



**Virginia R. Prevosto**  
Vice President—  
Admissions



**Jeffrey Courchene**  
Vice President—  
International



**Roosevelt Mosley**  
Vice President—  
Marketing &  
Communications



**Julia Stenberg**  
Vice President—  
Professional  
Education



**Alice M. Underwood**  
Vice President—  
Research &  
Development



**Cynthia R. Ziegler**  
CAS Executive  
Director,  
Secretary/Treasurer

\*Also a member of the Board of Directors



## Board of Directors



**Gary R. Josephson**  
Immediate Past President  
(Chairs Board in 2014)



**Wayne Fisher**  
President



**Bob Miccolis**  
President-Elect



**Brad J. Monteriot†**  
2014



**Michael Steel†**  
2014



**Frank Majorst**  
2014



**Shawna S. Ackerman**  
2014



**Steven D. Armstrong**  
2014



**James R. Merz**  
2014



**John Tierney**  
2014



**Charles A. Bryan**  
2015



**David R. Chernick**  
2015



**Ann Conway**  
2015



**Rick Gorratt**  
2015



**Jessica (Weng  
Kah) Leong**  
2016



**Donald F. Mango**  
2016



**Robert F. Wolf**  
2016



**Steve Lowe**  
2016

† Appointed



## FY 2014 Financial Highlights

The fiscal year ending September 30, 2014 resulted in an audited net gain of \$721,211 compared to budgeted net loss of \$146,511.

### Income Statement

<b>FUNCTION</b>	<b>REVENUE</b>		<b>EXPENSE</b>		<b>DIFFERENCE</b>
Membership Services	3,105,564		3,670,104		(564,540)
Seminars	4,763,912		4,587,935		175,977
Meetings	703,949		780,332		( 76,383)
Exams	8,036,015	(a)	7,202,116	(a)	833,899
Publications	4,249		18,215		(13,966)
<b>TOTALS FROM OPERATIONS</b>	<b>16,613,689</b>		<b>16,258,702</b>		<b>354,987</b>
Interest, Unrealized Gain/(Loss) and Change in Pension Liability					366,224
<b>TOTAL NET INCOME (LOSS)</b>					<b>721,211</b>

(a) Includes \$4,713,150 of Volunteer Services for income and expense (SFAS 116).

### Balance Sheet

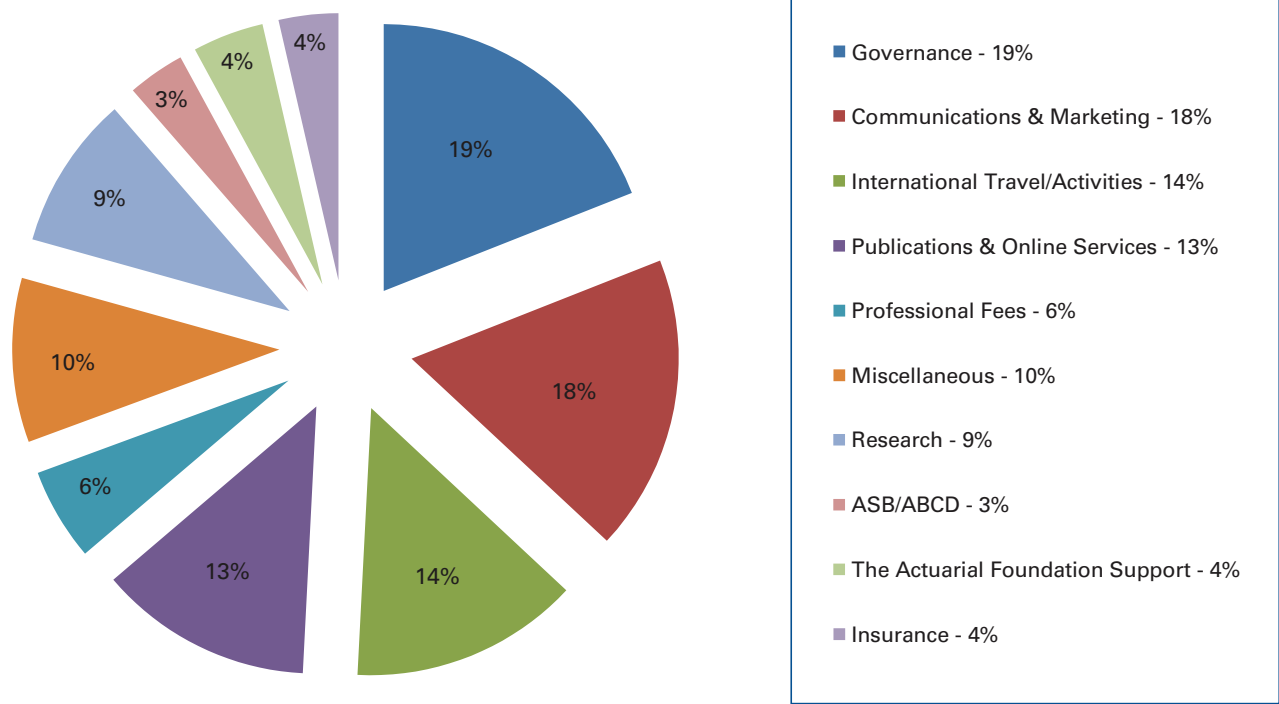
<b>ASSETS</b>	<b>9/30/2013</b>	<b>9/30/2014</b>	<b>DIFFERENCE</b>
Cash and Cash Equivalents	3,525,348	3,859,015	333,667
T-Bill/Notes, Marketable Securities	9,354,651	11,041,211	1,686,560
Other Assets	525,606	385,272	(140,334)
<b>TOTAL ASSETS</b>	<b>13,405,605</b>	<b>15,285,498</b>	<b>1,879,893</b>
<b>LIABILITIES</b>	<b>9/30/2013</b>	<b>9/30/2014</b>	<b>DIFFERENCE</b>
Exam Fees Deferred	1,473,708	1,518,796	45,088
Seminar and Meeting Fees Deferred	1,438,938	2,277,190	838,252
Accounts Payable and Accrued Expenses	793,618	830,323	36,705
Accrued Pension	367,534	654,770	287,236
Other Deferred	115,307	66,708	(48,599)
<b>TOTAL LIABILITIES</b>	<b>4,189,105</b>	<b>5,347,787</b>	<b>1,158,682</b>
<b>MEMBERS' EQUITY</b>	<b>9,216,500</b>	<b>9,937,711</b>	<b>721,211</b>

In FY 2014-2015, the CAS announced corporate partnerships with 20 organizations, up from 16 partners from the previous year. The FY 2014 revenue generated by sponsorship, advertising and exhibitors totaled \$286,000, which helped keep the cost of registration at CAS meetings and seminars to reasonable levels.

For FY 2015, the CAS Board of Directors has approved a budget of approximately \$13.0 million. Members' dues are \$550, representing an increase of \$25.

The marketing and communications budget included a one-time investment of \$125,000 for the Student Central website.

Membership Service Expenses



## CAS Society Partner's Program

The CAS Society Partner's Program is designed to help firms build and maintain year-round relationships with the influential group of insurance professionals that are CAS members. The program carries out marketing objectives while developing a unique relationship with CAS members and the actuarial profession as a whole.

Society Partners are able to spend the amount pledged on a wide variety of sponsor, exhibitor, and advertising opportunities throughout the year. In return Society Partners receive benefits commensurate with their investment level. This program provides year-long exposure and maximum flexibility by allowing firms to choose from and combine exhibitor and sponsor opportunities to suit their budget and marketing mix.

In FY 2014-2015, the CAS announced corporate partnerships with 20 organizations, up from 16 partners from the previous year. The FY 2014 revenue generated by sponsorship, advertising and exhibitors totaled \$286,000 (\$245,000 partner revenue, and \$41,000 non-partner revenue), which helped keep the cost of registration at CAS meetings and seminars to reasonable levels.

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### Five Centennial Partners, \$20,000 two-year commitment

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Four Platinum Partners, \$15,000 annual

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Four Gold Partners, \$10,000 annual

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Seven Silver Partners, \$5,000 annual

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