



How CAS Exam Pass Marks Are Set

By Steven D. Armstrong, FCAS, Examination Committee General Officer

About one month before Spring and Fall CAS Exam administrations, a group meets to determine an a priori pass mark for each exam. This Pass Mark Panel provides the part chairs with additional information for setting the pass mark. Historically, the pass mark estimate provided by the Pass Mark Panel and the pass mark ultimately approved by the Vice President-Admissions differed, sometimes drastically so. To reconcile these differences, the Pass Mark Panel has made some changes over the past two years.

The Pass Mark Panels consist of the Chairperson of the Examination Committee, the General Officer of the exam, the Part Chair,

the Vice Chair, a Syllabus Committee member, and a few current graders/writers of the exam under review. Each panelist must be familiar with the examination construction and grading process.

The first task of the Pass Mark Panel is to describe, for each Learning Objective, the minimum level of mastery it considers necessary for a passing candidate. The candidate who can demonstrate this minimum level of mastery on all the Learning Objectives is defined to be a "minimally qualified candidate" (MQC). The total pass mark will represent the number of points that this candidate is

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Confirming Your Exam Registration

By Shira Jacobson, FCAS, Candidate Liaison Committee

Studying for an exam takes hundreds of hours, time away from social activities, and considerable personal dedication. Equally important, but much simpler, is the task of registering for the exam. As a reminder, there are no provisions for late registration. So be sure to submit your registration well before the deadline.

If you have sent in your registration but have not yet received an acknowledgement letter, you have a couple of options to ascertain that you're on the list. If you paid by credit card and your card has been charged, you are registered. In addition, you always have the option of contacting the CAS to check that your registration is complete: a quick e-mail to the CAS Member Resource Center (mrc@casact.org) will put your mind at ease. Taking a minute or two to confirm your registration before the deadline passes will prevent the disaster of being prepared in vain. The CAS staff responds quickly, so you'll be able to resolve your registration concerns and devote your time to Schedule P, Table M, and all of your other favorite topics. **ff**

DATES TO REMEMBER

OCTOBER/NOVEMBER 2008 EXAM REGISTRATION DEADLINES

There is only one deadline for each set of exams. Late registrations will not be accepted.

Exams 3L, 6, and 9
September 18, 2008

Exams 2/FM, 3F/MFE, and 4/C
September 24, 2008

Exam 1/P
October 2, 2008

SEPT/OCT/NOV 2008 EXAM REFUND DEADLINES

Exam 1/P
September 22, 2008 and cancellation of appointment by noon of the second business day before test appointment.

Exams 3L, 6, and 9
October 27, 2008

Exams 3F/MFE and 4/C
October 29, 2008

Exam 2/FM
November 3, 2008 and cancellation of appointment by noon of the second business day before test appointment.

Exam 1/P
November 17, 2008 and cancellation of appointment by noon of the second business day before test appointment.

CAS SEMINARS AND MEETINGS

ERM FOR REINSURERS LIMITED
ATTENDANCE SEMINAR
September 15, 2008
Embassy Suites
New York, New York

CASUALTY LOSS RESERVE SEMINAR
September 18-19, 2008
Omni Shoreham Hotel
Washington, DC

PREDICTIVE MODELING SEMINAR
October 6-7, 2008
The Westin San Diego
San Diego, CA

2008 CAS ANNUAL MEETING
November 16-19, 2008
Sheraton Seattle Hotel
Seattle, Washington

Working Abroad and Mutual Recognition

By Erica W. Szeto, FCAS, Candidate Liaison Committee Chairperson, and Timothy K. Pollis, FCAS, Candidate Liaison Committee Vice Chairperson

In fall 2003, the CAS membership voted to approve a constitutional amendment allowing the CAS Board of Directors to enter into mutual recognition agreements with other actuarial organizations. By summer 2005, mutual recognition agreements with the United Kingdom's (U.K.'s) Faculty and Institute of Actuaries were executed. There are a handful of actuaries who have become members of the CAS via mutual recognition, with fewer Fellows of the CAS seeking membership with organizations abroad.

In May 2008, Thomas Cordier, FCAS (2006), became a Fellow of the U.K.'s Institute of Actuaries (FIA) by way of mutual recognition. *Future Fellows* recently sat down with Mr. Cordier to get the inside scoop on what the mutual recognition application process is like, what motivated him to get credentialed in the U.K., and how being an FIA has changed him (if at all).

ff: Congratulations on achieving your FIA! What was the mutual recognition application process like? Did you have to take any more actuarial exams?

TC: The application process is relatively straightforward. It mainly consisted of filling out some paper work and taking an exam that ensures that you are familiar with the local legislative environment; mostly U.K. legislation, but some European Union (EU) legislation is covered as well. The whole process took me approximately 10 months. It should be less now that the Institute of Actuaries has just introduced a computer-based testing system for the relevant exam. (For more information on the mutual recognition process, see http://www.actuaries.org.uk/members/cpd/mutual_recognition.)

ff: Where were you before London and what motivated you to move there?

TC: I have traveled a little bit before landing in London. I grew up in Nancy, France, in the region where they invented Quiche Lorraine. I moved to Canada to study actuarial science at Laval University and upon graduation, moved to Boston and worked for a consulting firm there for three and a half years. (The date of my first day of work in Boston is unforgettable: September 10, 2001.) I decided to move back to Europe and found a job with a different consulting firm in London in June 2005—again, just before the terrorist attacks! I passed my last CAS exam when I was in London. As the CAS results are out three weeks later than the Institute of Actuaries results, and since I was the only successful CAS candidate from my firm, I qualified alone and had to bear the cost of buying champagne for 100 actuaries, which is part of

the tradition at my company.

The main reason for my move from Boston to London was not the price of the wine, but rather that I wanted to be closer to my friends and family in France. I go to Paris every month!

ff: What is it like being an FIA now? Do you feel different? Work-wise, are you able to do more work now in London as an FIA than you could as an FCAS?

TC: The most visible change is that I now receive the monthly magazine from the Institute of Actuaries (called *The Actuary*) instead of the magazine from the American Academy of Actuaries. *The Actuary* is a lot more relevant to my day-to-day activities. In addition, there are some other aspects of getting my FIA that can be quite useful in the long run, such as demonstrating to my clients that I am familiar with U.K. practices, and being able to sign actuarial reports (i.e., in compliance with the Institute of Actuaries' Guidance Notes). Also having an FIA would make it easier to find a job at a small insurance company (in case I ever wanted one). As far as I know, large international companies would not see attaining one's FIA as a necessary requirement for an FCAS.

ff: In your experience, how respected in the U.K. (and elsewhere beyond North America) is the CAS credential?

TC: I tried to find this out when having drinks with some colleagues, and I learned that the letters, FCAS, are much respected throughout the world. In the U.K., in particular, FCASs tend to have a very strong set of technical skills, however, they are not always as well-rounded as FIAs (at least early in their careers). This may be due to the greater emphasis on soft skills (i.e., business and communication skills) and less focus on technical skills on the U.K. exams than the CAS has.

ff: Are there any differences in actuarial practices or focuses between the North American work you have done and U.K. or European work?

TC: One big difference in my experience comes from the balance between technical and soft skills, which, again, can be due to the change in company as well as the change in continent. In general, I have observed that U.K. actuaries use less sophisticated actuarial models than U.S. actuaries, but are better at explaining what they do and in making a difference in their organizations. As a result, actuaries seem to be involved in a wider range of activities in the U.K., such as banking and even marketing!

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expected to score on the exam.

These narrative descriptions of an MQC are documented and reviewed each year by the Pass Mark Panel so that the entire panel has a common understanding of the passing standard. When new syllabus material is introduced, the panel amends the passing standard accordingly.

Once everyone is familiar with the passing standard, the panel starts to apply the standard to the current exam. The panel discusses each question, using the passing standard and partial credit guide, and assigns an appropriate score. This score can range from 0% to 100% of the available points for the question, but most scores fall into the 20%-80% range. The partial credit guide used in this process is the same partial credit guide provided to the graders. During the grading process, the guide may evolve as graders encounter unanticipated responses that are acceptable.

Items discussed by the panel include the level of difficulty of each question, familiarity of the question, complexity of any calculations, partial credit recommendations, and how much synthesis the question requires. During the panel discussions, there is an explicit assumption that the MQC will have enough time to finish the exam and that the MQC has read and studied all the syllabus material.

Once each part has been discussed as it compares to the MQC, the panel tallies up all the scores and discusses the aggregate result. The panel then discusses the exam as a whole. Questions like, "Is this exam more straightforward than previous exams?" may help the panel summarize the day's efforts. Should these conversations lead to a consensus that the aggregate score is not reasonable, the panel will go back to each question and make adjustments as necessary. This process repeats itself until the entire panel signs off on the

score for the MQC for each question part and for the examination in aggregate.

Fast forward about two months. As the graders have begun grading their questions, the Pass Mark Panel sends each grading pair the standard for the minimally qualified candidate and instructs them to assign a score to the MQC based on the document and their knowledge of actual graded papers. The scores and rationale go back to the panel.

Prior to the final grading session where the graders and part chairs meet to conduct final grading and set the pass mark, the panel will compare its score with the graders' score. When there are material differences in these two scores, members of the panel will meet with the graders to understand and reconcile these differences. Occasionally, this process turns up cases where the candidate pool interprets a question differently than the writers had intended.

After making any necessary adjustments to the panel's score, the part chairs begin the process of setting the ultimate pass mark. The part chairs may recommend a pass score different than the adjusted Pass Mark Panel score for various reasons including adjustments for the length of the examination. Any deviations from the adjusted Pass Mark Panel score are documented and discussed by the part chair with leaders of the Examination Committee and the Vice President of Admissions. The group must agree that the deviations from the adjusted Pass Mark Panel score are warranted. The adjusted Pass Mark Panel score trumps any subjective judgment.

Over the last several sittings, the gap between the adjusted Pass Mark Panel score and the approved pass mark have diminished, lending credence to the Pass Mark Panel process. **ff**

Working Abroad

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ff: What are the big issues facing property/casualty actuaries where you practice?

In terms of current issues, Solvency II is very big at the moment. U.S. latent claims have also been on the radar for a long time, as the London Market has offered reinsurance coverage to U.S. insurers since the 1950s. Many London companies were severely hit by U.S. latent claims in the 1980s and it has been a major problem since then. Finally, large companies are looking into standardizing their processes across branches within the European Union, which leads to interesting opportunities for actuaries.

ff: Is life different for an actuary (credentialed or exam-taking) outside of North America? How so?

Since I have changed continents and companies at the same time, it is hard to isolate the "continental" factor from the "company" factor. This being said, there are a number of key differences between

the London market and the U.S. market. The main one is Lloyds, which has a significant impact on the work U.K. actuaries perform. Most of my clients are located in the City of London so I don't get to travel very far to meet them (crossing the London Bridge takes me 5 to 10 minutes). Also, there are a lot of actuaries per square meter in London, and the market is quite mature. As a result there are some good opportunities out there but also a lot of competition when pitching for a prospective client or looking for a job. People seem to pass exams very fast here, with a majority qualifying within three years of employment (in my company). Yet they have assured me that their exams were harder than the CAS exams. Lastly, some actuaries wear striped suits and look like underwriters.

ff: Thomas, thank you for sharing your thoughts with us. Congratulations again, and just for the record, you don't look like much of an underwriter... yet. **ff**

Increasing Your Odds: Advice on Fantasy Baseball Leagues

By Nicholas A Merollo, Candidate Representative to the Candidate Liaison Committee

Have you ever wondered how you could increase your odds of winning in your fantasy sports league? One way is to engage a professional to provide you with advice, based on analysis of various player statistics, to help ensure optimal player selection. Do you think your own analysis can stand alone, or do you need a sherpa to guide you?

A few years ago, Scott Swanay, FCAS, owner of Swanay Sports Consulting in New York City, decided to leave the insurance industry and apply his actuarial skills to baseball statistics. After spending seventeen years in typical actuarial roles working for Cigna, Fireman's Fund, and St. Paul Travelers, Mr. Swanay now provides advice to participants in fantasy baseball leagues. Between 2004 and 2005, after exiting the insurance industry, Mr. Swanay spent the majority of his time building a data warehouse of baseball statistics. This time-consuming effort of watching each play and tallying the results eventually provided enough data to analyze conclusions about each player. Mr. Swanay's analyses included deriving a score for each player after every game played. After compiling this data, he started a Web site (www.fantasybaseballsherpa.com) where he sells his analytics and advice. Mr. Swanay's forecasts for players are unique in that he utilizes actuarial analysis to come up with his projections of a player's future performance. Mr. Swanay's decisions involve credibility weighting a player's expected pre-season ranking with the actual season-to-date results of that player.

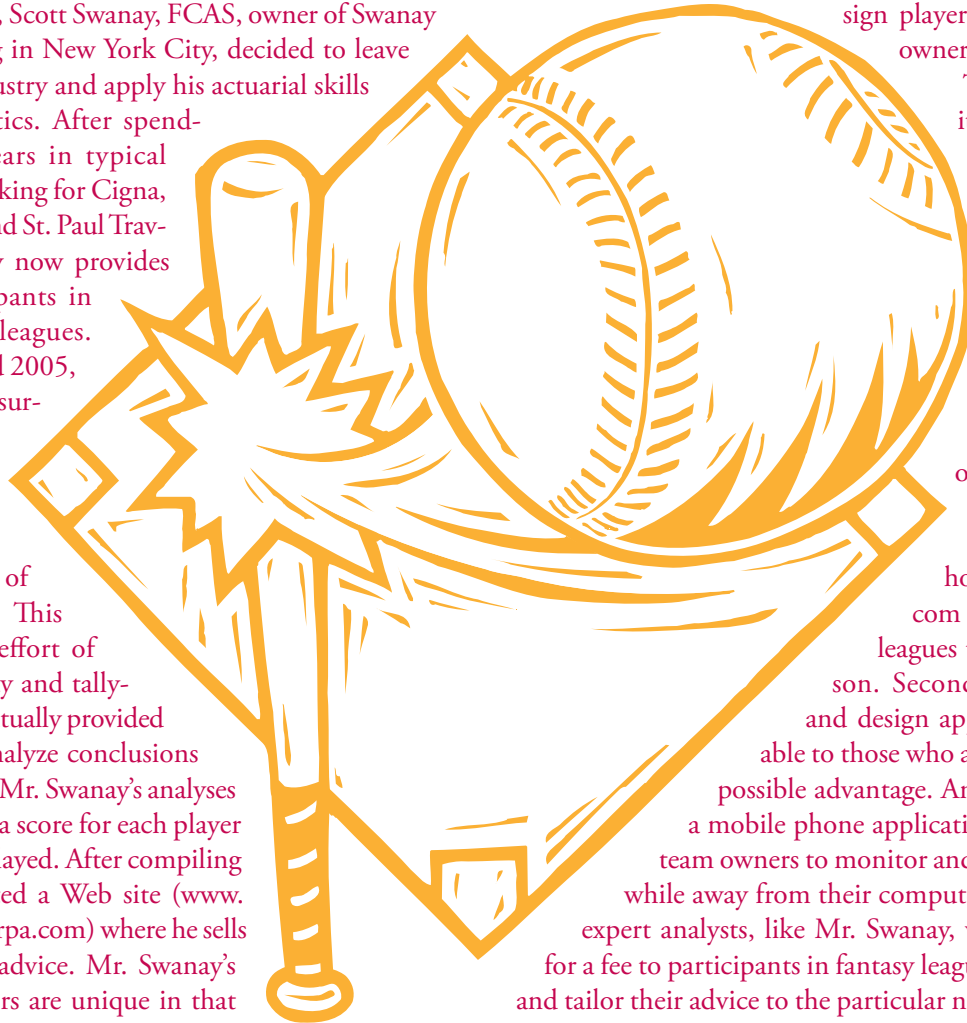
For those unfamiliar with fantasy sports leagues, a fantasy sport is a game where fantasy owners build a team that competes against other fantasy owners based on the statistics generated by individual players or teams of a professional sport. The most common variant converts statistical perfor-

mance into points that are compiled and totaled according to a specific roster. These point systems are typically simple enough to be calculated manually by a "league commissioner." More complex variants use computer modeling of actual games based on statistical input generated by professional sports. In fantasy sports, there is the ability to trade, cut, and sign players, like a real sports owner.

There are three profit-generating areas in the fantasy sports realm. There are organizations that operate fantasy games themselves and charge a fee for doing so. They also generate a bulk of their revenue by selling advertising. For example, yahoo.com and ESPN.

com run various fantasy leagues throughout the season. Second, support services and design applications are available to those who are looking for every possible advantage. An example would be a mobile phone application allowing fantasy team owners to monitor and manage their team while away from their computers. Lastly, there are expert analysts, like Mr. Swanay, who provide advice for a fee to participants in fantasy leagues. They customize and tailor their advice to the particular needs of their clients, such as ranking players based on a fantasy league's roster requirements and statistical categories.

Currently, Mr. Swanay offers advice for fantasy baseball leagues only but has plans to start advising players in football, hockey, and basketball leagues. The cost to the consumer is mainly driven by competitor pricing as growth in the industry continues to climb; approximately 20 million people are involved in just fantasy football leagues alone—at least several of whom are actuaries. **ff**



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Resources & Reminders

The "Admissions/Exams" section of the CAS Web Site includes:

- CAS *Syllabus of Basic Education* and updates
- "Notice of Examinations"
- "Verify Candidate Exam Status" to verify that joint exams and VEE credits are properly recorded
- "Looking at the CAS Examination Process" (<http://www.casact.org/admissions/process/>)
- Feedback button to the Candidate Liaison Committee
- CAS Regional Affiliates News (See their navigation button on the lower left-hand side of the of the CAS home page.)

If you have not received a confirmation of your registration for Exams 3L, and 5-9 two weeks prior to the registration deadline, please contact the CAS Office to make sure that your registration was received.

Reminder—Exams 3L, 5-9 start at 8:30 a.m.

Candidates should arrive by 8:00 a.m. local time for the check-in process. The exam process begins at 8:30.

REMEMBER YOUR CANDIDATE NUMBER!

Candidate Liaison Committee Mission

The Candidate Liaison Committee communicates with CAS candidates, collectively and individually, who are taking CAS examinations. The committee informs candidates as to appropriate courses of action available to them. Through periodic communication, this committee informs candidates of results of examination administrations, actions taken on complaints received regarding examination questions, and reasons for syllabus and examination changes being implemented. Communication encompasses existing policies and procedures as well as changes being considered. The committee should advise the CAS and its committees of the interests of the candidates regarding matters that come before the CAS and its committees. Candidates may contact the Candidate Liaison Committee at the CAS Office address. The Casualty Actuarial Society is not responsible for statements or opinions expressed in the articles, discussions, or letters printed in *Future Fellows*.



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Subscriptions to the newsletter are complimentary to CAS candidates who registered for a CAS Examination during the previous two years.

For information, please contact the CAS Office. Send all letters to the editor to the CAS Office address.

Postmaster: Please send all address changes to: The Casualty Actuarial Society, 4350 North Fairfax Drive, Suite 250, Arlington, Virginia 22203.

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Results of May 2008 CAS Examinations

Summary of May 2008 Examinations

Exam	Number of Candidates	Number of Passing Candidates	Number Below 50 of Pass Mark (Ineffective)	Effective Pass Ratio
1/P	3321	1158	419	39.9%
2/FM	4847	2357	366	52.6%
3F/MFE	2641	1277	240	53.2%
3L	242	144	31	68.2%
4/C	1848	868	91	49.4%
5	911	428	64	50.5%
7-Canada	83	21	3	26.3%
7-U.S.	575	273	15	48.8%
8	426	201	18	49.3%

Summary of May 2008 Exam Survey

Exam	Percent Responding	Syllabus Coverage <i>Inadequate (1) to Adequate (5)</i>	Exam Clarity <i>Not Clear (1) to Very Clear (5)</i>	Exam Length <i>Too Short (1) to Too Long (5)</i>	Exam Difficulty <i>Easy (1) to Difficult (5)</i>	Exam Quality <i>Poor (1) to Excellent (5)</i>
3F/MFE	12.13%	2.43	2.12	3.38	4.76	2.01
3L	31.40%	3.87	3.38	3.04	3.45	3.43
4/C	9.04%	3.66	3.00	3.73	4.30	3.17
5	25.69%	3.95	3.69	3.78	3.25	3.48
7-Canada	36.14%	2.90	3.30	3.50	4.20	3.14
7-U.S.	34.61%	2.86	2.75	4.21	3.97	2.56
8	48.36%	3.30	2.56	4.93	4.37	2.16

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