



## New Basic Education Structure to Include Internet-Based Modules

**A**s previously announced, the CAS will implement a new basic education structure in 2011. In the design process, it was determined that candidates need only to demonstrate familiarity with some topics, as compared to the master level usually required. Although the CAS will continue to use traditional exams to test knowledge of material that requires in-depth expertise, material that

requires knowledge at a familiarity level will be separated and assessed through two self-paced Internet-based modules.

The CAS is partnering with the American Institute for CPCU/IIA to deliver the Internet-based modules. Each module will conclude with a two-hour, 75-question multiple-choice exam with a difficulty level that will be comparable to CPCU exams.

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## The CAS Survival Guide: Navigating the 2011 Exam Transition

*By Dan Tevet and Fiona So, Candidate Representatives to the Candidate Liaison Committee*

**A**s you've no doubt heard, the CAS exams are undergoing a significant restructuring in 2011. Candidates who have received Associateship by the time of the transition won't notice much of a change, but those in the pre-Associate phase, with somewhere between four and six exams, may be affected. As such, many candidates are probably wondering how best to prepare for this transition—how to maximize the amount of credit they will receive under the new exam structure. Based on the personal opinions of the authors, as well as feedback we have received, we present a list of a few common scenarios and possible courses of action.

It is important to note, however, that there are no simple answers to the scenarios presented below. The purpose of this article is to help candidates make decisions, as there are no "correct" answers. Ultimately, candidates will need to

weigh the pros and cons of each path, and decide for themselves which course is most suitable.

Since candidates with several exams, but at the pre-Associate stage, will be most affected by the transition, we have set up three possible scenarios that such candidates are likely to encounter. But before we get to the survey results, please note the following transition rules regarding current Exams 5, 6, and 7:

- Current Exam 5 (Basic Ratemaking) provides credit for half of new Exam 5 (Basic Ratemaking and Reserving) and Module 1. After the transition, candidates with credit for current Exam 5 and not current Exam 6 will have two chances to pass the half test on Basic Reserving.
- Current Exam 6 (Basic Reserving, Reinsurance, and ERM) provides credit for half of new Exam 5 (Basic Ratemaking and Reserving).

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### DATES TO REMEMBER

#### EXAM REGISTRATION DEADLINES

Exam 1/P January Test Window  
December 3, 2009

Exam 2/FM February Test Window  
December 29, 2009

Exam 1/P March/April Test Window  
February 9, 2010

Exam 4/C April/May Test Window  
March 18, 2010

Exams 3 and 5-9 May Tests  
March 25, 2010

Exam 2/FM May Test Window  
April 7, 2010

#### REFUND DEADLINES

Exam 1/P January Test Window  
January 4, 2010 and cancellation of  
appointment by noon of the second business  
day before test appointment

Exam 2/FM February Test Window  
February 8, 2010 and cancellation of  
appointment by noon of the second business  
day before test appointment

Exam 1/P March/April Test Window  
March 22, 2010 and cancellation of  
appointment by noon of the second business  
day before test appointment

### CAS SEMINARS AND MEETINGS

RATEMAKING AND PRODUCT  
MANAGEMENT SEMINAR  
March 15-17, 2010  
The Fairmont Chicago, Millennium  
Park  
Chicago, Illinois

ERM SYMPOSIUM  
April 12-14, 2010  
Sheraton  
Chicago, Illinois

CAS SPRING MEETING  
May 23-26, 2010  
Hotel del Coronado  
San Diego, California

# From Traditional Actuary to VP of Product Management: Kristen Albright

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

**H**ave you ever considered where your career might take you once you complete all the CAS exams and obtain your Fellowship? Is becoming a managing or lead actuary the only route one has with a traditional insurer, or do other possibilities exist? Kristen Albright, FCAS, MAAA, is one such actuary who has taken her career to a different level. Having started her career right out of college in a traditional actuarial role, she has since become the Vice President of Underwriting and Product Management for commercial lines of business for The Hanover Insurance Group.

Graduating from The University of Illinois with a degree in actuarial science, Kristen started her career with Aetna in a traditional pricing role. While employed with Aetna for six years, she had the opportunity to partake in a national accounts underwriting rotation. This rotation involved interaction with the underwriting department to see how the actuarial rates were actually applied. Kristen had the opportunity to familiarize herself with rating plans, price large general liability risks, and discover how and why underwriters deviated from the actuarially indicated increased limit factors when pricing large limits. This experience taught her that actuarial rates should not necessarily be taken as “gospel” because there are many other considerations involved from the field’s perspective. Stimulating her interest into the business side of insurance operations, this experience eventually came to a plateau as the interaction with other business units was walled off.

“It was almost unheard of that underwriters and actuaries would have direct conversations about rates, coming to a mutual recognition of indicated rate need versus rate actually taken,” explained Kristen. Frustrated by this lack of communication, Kristen decided to join The Liberty Mutual Group.


Kristen also pursued a rather non-traditional actuarial role while with Liberty. She became a field actuary, which eventually morphed into having an actuary in each middle market divisional office. Her role included such underwriting support as portfolio and profitability measuring, and business and operational planning. While a division actuary, Kristen had constant interaction with the sales and field people, learned a

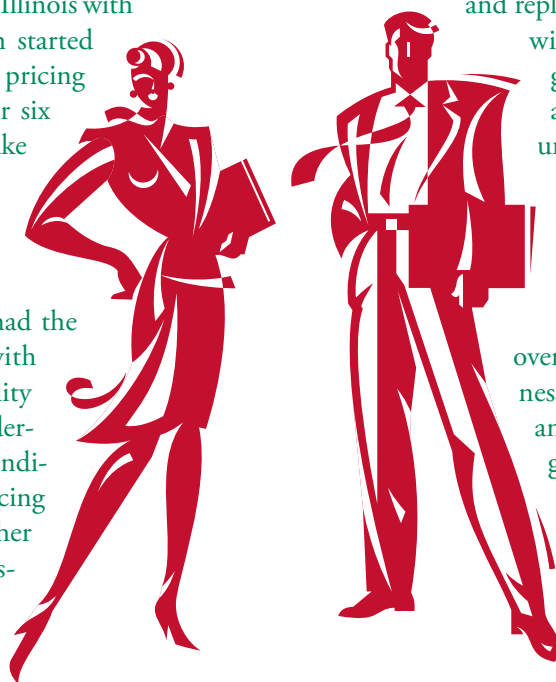
great deal about what the true cost drivers are behind marketing and pricing insurance, and gained perspective on what influenced consumers’ purchase decisions, namely the relationship between price and actual or perceived coverage provided. She eventually went into other roles at Liberty in underwriting and product management, as well as becoming a personal lines chief actuary for agency markets. In the latter role, Kristen was responsible for aligning the business needs of subsidiaries purchased by Liberty by developing agency relationships, facilitating solutions for high volume transactional business, and replacing outdated products and coverages

with newer, more competitive ones. She gained a tremendous amount of respect and appreciation for the other business units while in this position.

Currently, Kristen is the Vice President of Underwriting and Product Management for all commercial lines of business for The Hanover Insurance Group. Her responsibilities include oversight for all commercial lines of business, making sure that there is consistency among the exposures underwritten, aggregation and properties behind the product line, and any additional philosophy behind Hanover’s underwriting procedures. From a product development standpoint, she seeks out emerging opportunities that will allow Hanover to compete with the broadest and most distinct products

of any regional company. This includes developing dynamic and robust product offerings that national companies possess, while continuing to invest in the local presence. She also is responsible for making sure products are performing well from inception, i.e., monitoring policy forms, coverages, rating, actuarial pricing, and the initial product launch.

Though she started out in a traditional actuarial role, Kristen has developed herself into a well-rounded, business-oriented professional. Her interactions with the business and field directly affect the strategic outlook of the company. Though she has not been in a typical managing actuary position for some time, she does attribute her financial, technical, and analytical skills to her success today. She is proof that one can take her actuarial background and apply it diligently within other areas of an insurance company. 



## From the Examination Committee

# Note the Timing of the Nation-specific Exam

In today's examination structure, Exam 7 is the nation-specific examination on law, regulation, government and industry insurance programs, and financial reporting. The last time this exam will be given as Exam 7 will be in May 2010.

Under the new examination structure, the material that exists on today's Exam 7 will be moved to the new Exam 6. The new Exam 6 will first be offered in the fall 2011, approximately 18 months from the last time this material was tested. The Examination Committee wants to make sure everyone knows that this is the only examination with material that candidates will have to wait for more than a year to

take as we transition from the current structure to the new structure.

Second, under the new structure, the nation-specific exam is still required for earning the ACAS designation. One needs to have Exam 6 as a qualification for Associateship in the Casualty Actuarial Society. The 18-month gap between the current Exam 7 and the new Exam 6 should be considered as you strive for that milestone designation.

For more details on the new examination structure and curriculum, please visit the CAS Web Site (see <http://www.casact.org/members/index.cfm?fa=viewArticle&articleID=557>). 

## The CAS Survival Guide

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ing) and full credit for the new Fellowship Exam 7 (Advanced Reserving, Reinsurance, and ERM). Keep in mind that, under the new exam structure, Associates will not be qualified to sign loss reserve opinions unless they have credit for this new Fellowship exam. After the transition, candidates with credit for current Exam 6 and not current Exam 5 will have two chances to pass the half test on Basic Ratemaking.

- Current Exam 7 (Regulation and Financial Reporting) provides credit for new Exam 6 and Module 2.
- Candidates who unsuccessfully attempt current Exam 7 in the spring 2010 will have to wait 18 months (until the fall 2011) to re-try.

Based on our survey results, here are the scenarios and responses:

### Scenario 1

**A candidate enters 2010 with credit for Exams 1-4. In the spring 2010, should the candidate take Exam 5, or skip ahead to Exam 7?**

Since current Exam 5 provides credit for half an exam and one module under the new structure, whereas Exam 7 provides credit for a full exam and one module, candidates may be tempted to skip to Exam 7. However, it is the opinion of these authors, as well as the strong majority of those surveyed, that doing so would be a risky path to take. Exam 7 is very difficult, and most find it to be significantly more challenging than Exam 5. Additionally, Exam 7 assumes familiarity with Exams 5 and 6 topics, so unless the candidate is willing to spend a substantial amount of extra time studying, or he or she has a strong background in insurance regulation and financial reporting, passing Exam 7 before attempting Exam 5 may be very difficult.

### Scenario 2

**A candidate enters 2010 with credit for two to three preliminary exams. Should the candidate skip to upper-level exams for the two 2010 sittings?**

By completing Exams 5 and 6 before the transition, a candidate can earn credit for one Associateship exam, one Fellowship exam, and one module. It is important to note that Exams 5 and 6 only assume


prior knowledge of Exams 1 and 2, so skipping ahead in this case may not put a candidate in too much risk (as opposed to skipping ahead to Exam 7). However, the consensus among those surveyed was that, for a candidate still in the preliminary exam phase, it is not advisable to try to plan too far ahead. Many candidates are no doubt overwhelmed when thinking about the numerous years and thousands of studying hours standing between them and Fellowship, and thus it is natural to try to strategize on how to complete the process as quickly as possible, but there may be a significant risk in over-strategizing.

### Scenario 3

**A candidate enters 2010 with credit for Exams 1 through 4 and 6, but having never taken Exam 5. In the spring of 2010, should that candidate take Exam 5 or Exam 7?**

As described in scenario 1, Exam 7 provides more credit under the new exam structure than does Exam 5. However, as in scenario 1, the consensus of those surveyed is that skipping to Exam 7 before completing 5 is inadvisable. There are four important factors to keep in mind here:

- Exam 7 assumes knowledge of Exam 5 material, so a candidate attempting Exam 7 before 5 may be at a significant disadvantage.
- Most candidates find Exam 5 to be significantly easier than Exam 7.
- If a candidate unsuccessfully attempts Exam 7 in May 2010, he or she will have to wait 18 months before retaking the equivalent exam under the new structure.
- For a candidate in this situation, the only possible exam to take in the fall of 2010 is Exam 9, which assumes knowledge of Exam 5 material (but does not assume knowledge of Exam 7).

Whenever there is an exam transition, it is natural for candidates to try to strategize about the various options for maximizing credit under the revised structure. However, the most important takeaway from the scenarios discussed in this article is that, while some amount of planning is always important, there may be a significant risk in over-strategizing. In most cases, the best plan is to simply take the exam that you are most likely to pass, which often means staying the course and taking the exams in order. 

# The Importance of Adverbs on Exams

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

**D**uring the creation of the CAS exams, the writers, Part Chairs, and General Officers pore over the meaning of every word in each question to ensure that the question is not ambiguous and that it prompts the test-taker to provide enough information to demonstrate required mastery of the relevant subject material.

For non-calculation questions, there are typically three levels of information that may be tested: a deep understanding of the material, an average understanding of the material, or a concise understanding of the material. Through certain prompts and cues from the point value of the question, the candidate should be able to ascertain how to answer the question.

The following are examples from Spring 2009 Exam 5:

*Briefly define the terms “moral hazard” and “morale hazard” and provide an example of each. (Question 1, 1 point)*

The key word here is the adverb “briefly.” Couple this adverb with the fact that the question is worth one point but asking for two definitions (brief ones) and two examples, the candidate should quickly ascertain that a “brief definition” is worth  $\frac{1}{4}$  point. The response to this kind of question, prompted by the adverb “briefly,” should be concise, succinct, crisp, and, most importantly, not verbose or lengthy.

Here is another example from Exam 5:

*Discuss three purposes of exclusions in insurance policies. (Question 3, 1.5 points)*

The key to this question is the lack of any adverb. With this question, the candidate should immediately ascertain that a “discussion” on each topic is worth  $\frac{1}{2}$  point, or twice the point value of a question that would have asked for a “brief discussion.” The exam writer is looking for a more in-depth response from the candidate to ensure mastery of the material being tested. Given such, the candidate would be best off answering this type of question in more detail compared to a question that asks for a brief response.



Here is one last example from Spring 2009 Exam 5:


*Fully discuss why it may be inappropriate to apply a basic limits loss trend to total limits losses. (Question 24, 1 point)*

In this example, the key word is “fully” which is the strongest prompt being used by the Examination Committee to solicit a very detailed and thorough understanding of the subject material. An example like this is typically worth twice as many points as an equivalent question with no prompting adverb. A question asking the candidate to “fully discuss” or “fully describe,” however, can be unbounded in its point value (for example, Question 14 on the same Exam 5 is another “fully describe” question worth 2 points).

The typical key for any examination follows this rubric:

- 1) Brief descriptions, discussions, etc., are worth  $\frac{1}{4}$  point
- 2) (Unmodified) discussions or descriptions are worth  $\frac{1}{2}$  point
- 3) Full descriptions or discussions are worth at least 1 point

Please look carefully for these word choices and point values on all CAS upper-level exams. Most importantly, answer the question in accordance with the amount of information being asked.

For samples of how these three questions were answered for full credit, please go to the Study Tools section of the CAS Web Site (<http://www.casact.org/admissions/studytools/exam5/09-5.pdf>). 



# New Basic Education Structure


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While the assessments will be conducted via computer-based testing, the CAS will provide the option to study the syllabus material through traditional delivery of a printed textbook as well as through the Internet.

There are a number of benefits anticipated from this new approach:

- The material requiring knowledge at a familiarity level will have assessments offered more frequently throughout the year.
- Delivery of assessment results is expected to occur much more quickly than with traditional exams.
- The assessments will use a multiple-choice format with an expectation of a high success rate.
- The consolidation of material on a variety of subjects, including insurance company operations, P&C coverages, accounting, reinsurance, law and regulation, will be presented in one writing style, which will provide for more consistency in the presentation of material and terminology.

The Task Force on Basic Education Internet Modules expects the online content and textbooks to be available by January 1, 2011, and the computer-based exams to be available beginning in the Spring of 2011.

Additional information about the revised basic education system can be found in the Admissions/Exams section of the CAS Web Site ([www.casact.org](http://www.casact.org)). 

## Resources & Reminders

The CAS Web Site is a valuable resource that includes:

- CAS *Syllabus of Basic Education* and updates
- “Notice of Examinations”
- “Verify Candidate Exam Status” to confirm that joint exams and VEE credits are properly recorded
- “Looking at the Exam Process” series
- Feedback button to the Candidate Liaison Committee
- CAS Regional Affiliates news

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.

**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*.

## Future FELLOWS



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## Vendor Links

The CAS provides vendor information on review seminars and study aids as a service to its candidates. The CAS takes no responsibility for the accuracy or quality of the seminars and study aids announced in *Future Fellows*. Please note that candidates are expected to read the material cited in the *Syllabus* and to use other material as a complement to the primary sources rather than a substitution for them. 

ACTEX Publications/Mad River Books:  
<http://www.actexmadriver.com/>  
Exams 1, 2, 3F, 3L, 4, 5, 6, 7, 8, 9

The Actuarial Bookstore  
<http://www.actuarialbookstore.com>  
Exams 1, 2, 3F, 3L, 4, 5, 6, 7, 8, 9

All 10, Inc.  
<http://www.all10.com/>  
Exams 5, 6, 7, 8, 9

A.S.M.  
<http://www.studymanuals.com/>  
Exams 1, 2, 3F, 3L, 4

Austin 3L and 4 Seminars  
<http://www.actuarialseminars.com>  
Exams 3L, 4

CAMAR Actuarial Review Seminars  
<http://sbm.temple.edu/actsci-seminars/>  
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Casualty Study Manuals  
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Midwestern Actuarial Forum  
<http://www.casact.org/affiliates/maf/>  
Exam 3F, 3L, 9

New England Actuarial Seminars  
[www.neas-seminars.com/misc/](http://www.neas-seminars.com/misc/)  
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<http://www.sliderulebooks.com>  
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