



Prerequisites for the CAS Courses on Professionalism to Change in 2011

Since the new basic education structure will include revised requirements for Associateship in 2011, the CAS is updating the prerequisites for the CAS Course on Professionalism.

In the current CAS basic education structure, the requirements for Associateship are Exams 1-7, three VEE requirements, and the Course on Professionalism. The current prerequisites for candidates to enroll for the Course on Professionalism are:

1. Credit for any five actuarial exams and all three VEE requirements **or**
2. Credit for any six actuarial exams in the current education structure—regardless of VEE status.

The two segments of Exam 3 (3F and 3L) together count as one exam.

In 2011, the requirements for Associateship will change to Exams 1-6, three VEE requirements, Online Courses 1 and 2, and the Course on Professionalism. In light of the revised Associateship requirements, the eligibility requirements for the Course on Professionalism will be changed to the following beginning in 2011:

1. Credit for any four actuarial exams AND credit for any four of the following five requirements: Online Course 1, Online Course 2, VEE-Applied Statistical Methods, VEE-Corporate Finance, or VEE-Economics **or**
2. Credit for any five actuarial exams in the 2011 education structure—regardless of Online Courses or VEE status.

The two segments of Exam 3 (3F and 3L) together count as one exam. **ff**

Revised Schedule for Release of Exam Syllabi

When the CAS 2011 *Syllabus of Basic Education* is released in November, it will contain the individual exam syllabi for all the preliminary exams (i.e., Exam 1-4) as well as those of the spring upper-level exams (i.e., Exams 5, 7, and 9). Study Kits and Web Notes for the spring exams will be available

in December.

The individual exam syllabi for fall exams will be released in March with Study Kits and Web Notes available in April. Therefore, the final syllabi for Exams 6-Canada, 6-United States, and 8 will be posted in March 2011. **ff**

DATES TO REMEMBER

EXAM REGISTRATION DEADLINES

Exams 3L, 6, and 9
September 16, 2010

Exams 4/C November Test Window
September 22, 2010

Exam 3F/MFE
September 24, 2010

Exam 1/P November Test Window
October 5, 2010

Exam 2/FM December Test Window
October 20, 2010

REFUND DEADLINES

Exams 3L, 6, 9
October 25, 2010

Exam 3F/MFE
November 1, 2010

Exams 4/C November Test Window
November 2, 2010, and cancellation of appointment by noon of the second business day before test appointment

Exam 1/P November/December Test Window
November 15, 2010, and cancellation of appointment by noon of the second business day before test appointment

Exam 2/FM November/December Test Window
November 30, 2010, and cancellation of appointment by noon of the second business day before test appointment

CAS SEMINARS AND MEETINGS

CASUALTY LOSS RESERVE SEMINAR
September 20-21, 2010
Disney's Contemporary Resort
Lake Buena Vista, Florida

IN FOCUS: GOVERNMENT IN INSURANCE SEMINAR
October 4-5, 2010
Embassy Suites Boston Hotel—at Logan Airport
Boston, Massachusetts

RESERVE VARIABILITY LIMITED ATTENDANCE SEMINAR
October 21-22, 2010
Sheraton Premiere at Tyson's Corner
Vienna, Virginia

CAS ANNUAL MEETING
November 7-10, 2010
JW Marriott Hotel
Washington, D.C.

A Clever Interpretation of Randomness in our Daily Lives

Review by Shane Barnes and Amy Green, ACAS, Candidate Representatives to the Candidate Liaison Committee

Imagine that you were a juror for the O.J. Simpson trial. Consider this fact presented by the defense: only one out of twenty-five hundred abused women are killed by their abuser. Does this statistic provide a probability that O.J. was innocent? Leonard Mlodinow, in his book, *The Drunkard's Walk: How Randomness Rules our Lives*, uses real-life examples such as this to demonstrate seemingly simple statistical and probabilistic ideas in a way that you have probably never seen before.

The first part of the book focuses more on the history and motivation of probability theorists and statisticians—key concepts that actuaries are quite familiar with. Although the first part of the book is not remarkable, the rest of the book makes up for the beginning. *The Drunkard's Walk* is a book that we would recommend for someone who wants deeper understanding of probability and randomness while learning some quirky but fascinating facts.

Far into the book, Mlodinow demonstrates how randomness can explain past outcomes. While people say that hindsight is 20/20, they rarely act as if they believe it, especially in the face of major disasters. Case in point: the nuclear meltdown at Three Mile Island in Pennsylvania in the late 1970s spurred many large-scale investigations of how this disaster could have been prevented. Mlodinow explains that there were numerous independent parts ensuring the successful operation of the plant, and each of the parts was known to malfunction from time to time. But in this case, multiple parts malfunctioned all at once, causing the meltdown. Considering the law of large numbers and the “randomness [that] rules our lives,” it is likely that over a sufficiently long time period, something like Three Mile Island’s meltdown would eventually occur. This example brings to mind the BP explosion in the Gulf of Mexico that occurred earlier this year.

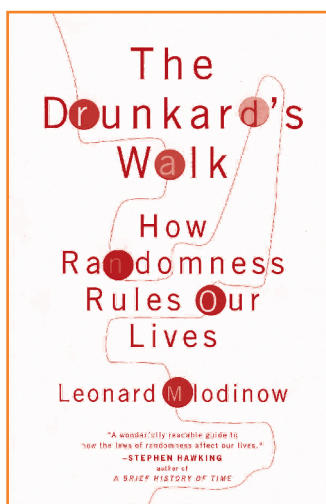
This idea relates to our individual lives. Many people have their own examples—if it were not for a particular event taking place, they might not be where they are today. But could they have predicted the outcome when the event occurred? Probably not. Think about the choice you made when choosing a university or college. What if your SAT score was off by ten points? Might it have affected the schools to which you applied or were accepted? If you had chosen a different school to at-

tend, would you have decided to be an actuary? Our lives are filled with randomness and it dictates our world. Mlodinow uses these ideas and others to drive home the point that life is one big random event, and it is quite hard (if not impossible) to predict the final outcome.

While Mlodinow proposes that most things we do are affected by randomness, he points out that we do have one factor under our control: the number of attempts we make. If something we try is random, we can try again and again until eventually we succeed. Mlodinow gave examples. Bruce Willis was a struggling actor in New York City until one day he decided to fly to Los Angeles. By chance, he landed a major role on a television series that moved his career into full swing. A struggling writer, J.K. Rowling, went to multiple publishers all of which turned her down. After much perseverance, someone finally took a liking to her idea of Harry Potter. Likewise, it seems correct to add to that list, anyone taking actuarial exams. While preparation and natural ability play a large role in exam success, because of the uncertainty inherent in the exam process (e.g., material tested, wording of questions, whether your upstairs neighbor had a party until 3 a.m. the night before the exam, or you had a really bad morning the day of the exam) there is some randomness involved. If you attempt an exam but fail, try again and the next time hopefully you will see a better result.

Related to the fact that random chance can play such a large role in our success, Mlodinow suggests that we not judge people based on their past accomplishments, but rather we should place more emphasis on our direct impressions of them. Those past accomplishments could have been helped or hurt by randomness (“luck”), so the better way to assess someone is through the probability of future success.

As for O.J., while that 1/2500 statistic sounds very convincing, this information is actually irrelevant. The jury already knew that Nicole had been killed. The question was not the probability of her being killed given that she was abused (1/2500). The question was, given that she was abused *and* killed, what is the likelihood that her abuser was the one who murdered her? A more relevant statistic would be that in ninety percent of cases where an abused woman is killed, it was her abuser who killed her. Thanks, Thomas Bayes, for the theorem, and thanks to Mlodinow for pointing out the relevance. **ff**



Looking at the New Exams for 2011

By Vania Gillette, Candidate Representative to the Candidate Liaison Committee

As most of us are aware, the syllabi for Exams 5-9 will be restructured beginning with the Spring 2011 exams. The following is a guide for the revised examination structure.

Associateship - Preliminary Exams, VEE Credits plus:

- **Online Course 1:** Risk Management and Insurance Operations (two-hour exam, offered in a two-month window each quarter starting in April 2010)
- **Online Course 2:** Insurance Accounting, Coverage Analysis, Insurance Law, and Insurance Regulation (two-hour exam, offered in a two-month window each quarter starting in April 2010)
- **Exam 5:** Basic Techniques for Ratemaking and Estimating Claim Liabilities (four-hour exam, offered in the spring. Half exams will be offered during a transition period to those who have credit for the other half of the material—see details below.)
- **Exam 6 - (Nation-Specific: U.S. or Canada):** Regulation and Financial Reporting (four-hour exam, offered in the fall)
- **Course on Professionalism** (two-day seminar generally offered in June and December)


Fellowship – Associateship plus:

- **Exam 7:** Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management (four-hour exam, offered in the spring)
- **Exam 8:** Advanced Ratemaking (three-hour exam, offered in the fall)
- **Exam 9:** Financial Risk and Rate of Return (three-hour exam, offered in the spring)


Transition to the CAS 2011 Education Structure

| Old Exam | Credit in 2011 Education Structure |
|----------|---|
| Exam 5 | Half of New Exam 5 (Basic Ratemaking)* + Online Course 1 |
| Exam 6 | Half of New Exam 5 (Basic Estimating Claim Liabilities)* + New Exam 7 |
| Exam 7 | New Exam 6 + Online Course 2 |
| Exam 8 | New Exam 9 |
| Exam 9 | New Exam 8 |

* To receive credit for the new Exam 5 (Techniques for Ratemaking and Estimating Claim Liabilities), the candidate must have credit for both old Exams 5 and 6. At the time of transition, if a candidate has credit for only one of old Exam 5 or old Exam 6, the candidate will be allowed to take just the part of the exam for which he or she is missing credit (i.e., either the Ratemaking section or the Estimating Claim Liabilities section of new Exam 5) in order to obtain credit for the new exam. It is anticipated that this option will be available in 2011 and 2012.

Additional information is available on the CAS Web Site (see <http://www.casact.org/admissions/syllabus/2011/index.cfm?fa=main>). 

Clarification

In the March 2010 edition of *Future Fellows* in an article headlined “The Leadership Perspective: an Interview with Immediate Past President John Kollar,” Mr. Kollar, in response to a question about changes to CAS governance that he would like to see, says that “[r]ecent events at a sister organization have emphasized the importance [of] having an effective nomination process.” He calls for greater vetting of president-elect candidates “to reduce the likelihood of an unsuitable future leader,” noting that “[q]ualified candidates should have leadership skills, a willingness to serve the profession, and a collaborative approach to working with others.” In making these statements, Mr. Kollar was not referring in any way to Bruce D. Schobel, the former President-Elect of the American Academy of Actuaries, and did not mean to suggest that Mr. Schobel does not possess these positive attributes of “qualified candidates.” Indeed, Mr. Kollar, who served on the Academy’s committee that vetted Mr. Schobel and unanimously nominated him for the Academy position, recognized that Mr. Schobel, based on his elected position as the President of the Society of Actuaries, was qualified to be the Academy’s President-Elect, possessed leadership skills, had a long history of willingly serving the profession, and collaborated effectively with others in his service to the profession. In no way did Mr. Kollar or the CAS mean to suggest that Mr. Schobel was an unsuitable leader. The CAS, Mr. Kollar and the article’s author Dan Tevet apologize to Mr. Schobel to the extent Mr. Kollar’s comments may have appeared to suggest otherwise. 

Reminders When Moving from Computer-Based Testing to Exams by Paper and Pencil

By Arlene Woodruff, FCAS, Examination Committee

Most candidates begin taking actuarial exams by computer-based testing (CBT). Currently Exams 1/P, 2/FM, and 4/C are administered by CBT. It is anticipated that Exam 3F/MFE will move to CBT in 2011.

There are a few things to remember when taking an actuarial exam that is administered by paper and pencil.

- Read your confirmation notice so that you know where the exam will be administered. The paper and pencil exams are not administered at the Prometric testing centers. Arrive 30 minutes prior to the published exam time.
- Bring a supply of number 2 pencils to the examination center to fill in the short answer card for Exam 3L. Pens may be used for the essay style exams (Exams 5-9).
- For Exam 3F/MFE, candidates must present a valid Letter of Admission that will be sent from Preliminary Actuarial Examinations/SOA.
- For CAS Exams 3L and 5-9 ONLY: Candidates may bring a self-addressed, stamped envelope to obtain their own examination booklet. Postage for the booklets varies by weight; candidates should affix sufficient postage for a booklet weighing at least 11 ounces. Candidates who do not have a self-addressed, stamped envelope must enclose their examination booklets with the answer card/sheets in the envelope that is returned to the proctor.
- For Exams 5-9: Candidates should submit at least one answer page for each question—even if they did not answer each question. This is important in the grading process when the graders must receive an essay page for each question from every candidate. At the top of each page, candidates should include

their exam number, question number, and candidate number. Time is given prior to the exam to write this information in the boxes at the top of the essay sheets. If more than one page is used to answer a question, indicate this by writing “1 of 2” on the first page and “2 of 2” on the second as appropriate for the number of pages.

There are some similarities to the CBT administration. Candidates are reminded to bring the following to the test center:

- **Photo ID:** To be admitted into an examination center, each candidate must present a positive identification with a signature and a photograph (e.g., driver's license, passport, etc.). If a photo ID is not available, the candidate must present two forms of identification with a signature, with at least one form containing a physical description (height, weight, hair color, eye color, etc.). Each candidate will be required to sign in at the examination center. A candidate who does not present positive identification or who refuses or is unable to provide a matching signature will not be permitted to write the examination.
- **Authorized Calculator:** Only authorized calculators will be permitted at the examination center. All unauthorized calculators brought to the exam will be confiscated for the duration of the exam. A list of approved calculators is provided in the online Syllabus of Basic Education (see <http://www.casact.org/admissions/syllabus/rules-exam.pdf>). Use of an unauthorized calculator may result in the disqualification of the candidate's examination. **ff**

Seeking CAS Candidates to be Representatives to the Candidate Liaison Committee

The CAS Candidate Liaison Committee includes candidates taking CAS exams. The committee is conducting its annual search for new candidate representatives who would be responsible for presenting candidate views, suggestions, and concerns to the committee to help identify issues that should be addressed by the CAS. The selected candidates would be active participants on

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Seeking CAS Candidates

from page 4

the *Future Fellows* editorial board.

To be a CLC representative, a candidate must meet the following requirements:

- Be a candidate for the Casualty Actuarial Society;
- Be active in the examination process (must have sat for a CAS examination within the last two sittings);
- Be willing to serve a two-year term;
- Provide one letter of reference from a member of the CAS; and
- Participate in the Candidate Liaison Committee meetings (quarterly telephone conferences and an annual in-person meeting).

The new representative will be selected in October and will begin a two-year term in December.

The candidate representative application is available in the “Admissions/Exams” section on the CAS Web Site (www.casact.org) or may be obtained by contacting the CAS Office. The application deadline is Friday, October 8, 2010. **ff**

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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2010 Spring Exams Results

Exam Summary

| Exam | Number of Candidates | Number of Passing Candidates | Number Below 50% of Pass Mark (Ineffective) | Effective Pass Ratio |
|----------|----------------------|------------------------------|---|----------------------|
| 1/P* | 2699 | 1239 | 272 | 51.1% |
| 2/FM* | 2772 | 1439 | 131 | 54.5% |
| 3F/MFE* | 3325 | 1268 | 320 | 42.2% |
| 3L | 231 | 118 | 37 | 60.8% |
| 4/C* | 1674 | 702 | 115 | 45.0% |
| 5 | 843 | 389 | 41 | 48.5% |
| 7-Canada | 107 | 38 | 3 | 36.5% |
| 7-U.S. | 624 | 278 | 28 | 46.6% |
| 8 | 533 | 208 | 25 | 40.9% |

*For joint Exams 1/P, 2/FM, 3F/MFE, and 4/C, the summary includes all candidates who sat for the specified examination.

Survey Summary

| Exam | Percent Responding* | Syllabus Coverage Inadequate (1) to Adequate (5) | Exam Clarity Not Clear (1) to Very Clear (5) | Exam Length Too Short (1) to Too Long (5) | Exam Difficulty Easy (1) to Difficult (5) | Exam Quality Poor (1) to Excellent (5) |
|----------|---------------------|---|---|--|--|---|
| 3F/MFE | 3.48% | 3.44 | 3.07 | 3.31 | 4.26 | 3.07 |
| 3L | 35.50% | 3.77 | 3.56 | 3.00 | 3.17 | 3.48 |
| 5 | 25.62% | 3.77 | 3.71 | 3.50 | 3.47 | 3.54 |
| 7-Canada | 33.64% | 3.14 | 2.28 | 4.06 | 4.14 | 2.89 |
| 7-U.S. | 39.74% | 3.19 | 2.38 | 4.55 | 4.51 | 2.31 |
| 8 | 39.96% | 2.17 | 2.20 | 3.80 | 4.56 | 2.04 |

*Responses are of total group response. Responses for joint exams based upon preliminary number of takers.