

Future Fellows



June 2000

For the Candidates of the Casualty Actuarial Society

Volume 6, No. 2

Important Dates to Remember

Deadline for Refund Requests

June 30, 2000

Analysis Request Deadline

For Spring 2000 Exams 5, 7, and 8
July 31, 2000

Appeal Deadline

For Spring 2000 Exams 5, 7, and 8
August 31, 2000

Fall 2000 Registration and Change of Center Deadline

Exams 6 and 9: **September 21, 2000**
Joint Exams 1-4: **October 1, 2000**

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

CAS Seminars and Meetings

Reinsurance Seminar

June 15-16, 2000

Boston Marriott Copley Place
Boston, Massachusetts

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Can a Four-Hour Exam Cover the Syllabus?

By Beth E. Fitzgerald, FCAS

General Officer, CAS Examination Committee

Under the new examination structure, CAS Exams 5-9 are all four-hour exams. A candidate may ask the question "How can one four-hour exam cover all the readings on the syllabus?" The CAS Examination Committee addresses this question as it prepares every exam. The Examination Committee is responsible for creating exams that follow the guidelines set forth by the CAS Syllabus Committee. Complete coverage of all readings on the syllabus is not practical for every exam every year. The goal is to produce exams that contain representative, high-quality questions that test candidates' knowledge of the syllabus material. Thus, the candidate should expect that each exam will cover a large proportion of the syllabus readings and that all readings will be tested at least once over the course of a few years.✓

Spotlight on CAS Members

CAS President Alice Gannon Characterizes Role

By Serhat Guven

Student Liaison Committee

In this month's spotlight we talk with Alice Gannon who became the CAS president at the conclusion of the CAS Annual Meeting in November 1999.

How did you get into the actuarial field?

I was incredibly lucky. In my second to the last semester of achieving my bachelor's degree, I finally confronted the issue of what I was going to do after I graduated. I fairly quickly decided I would go to graduate school. Fortunately, a good friend of my family was an attorney at USAA and liked and admired USAA's chief actuary, Charlie Cook. He convinced me that I should take the first actuarial exam and talk to Mr. Cook about the actuarial profession since I was a math and economics major. Even though I did both of his suggestions, I still thought the best path for me was graduate school. I applied and was accepted at the University of Chicago where I planned to pursue a doctorate degree in

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Alice Gannon



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Spotlight

From page 1

econometrics. I finished my undergraduate degree requirements in December, however, and the graduate program did not begin until the next September. Needing to earn some money in the interim, I accepted a position in the actuarial department at USAA as an actuarial analyst, intending only to stay for about eight months. I loved it and 24 1/2 years later, I'm still here.

What lines of work have you been involved with since entering the profession?

My entire career has been in the actuarial department of USAA. I have been involved in every aspect of that department, including pricing of all lines of business (P&C personal lines), actuarial research, actuarial data support, and actuarial financial analysis.

What is your current job?

At USAA, I am the vice president in charge of the actuarial area that includes all the functions listed above except actuarial data support.

What kind of activities do you enjoy outside of your career?

Most of my free time (a concept that I have some memory of but does not relate to this year as I serve as CAS president) is spent watching my children participate in various activities (tennis, basketball, track, theater, and dancing) or in activities at my church. I also enjoy weekend camping trips with my family, leisurely dinners with close friends, live theater, and lively debates on social and political topics with friends who also enjoy a good debate for the sake of debating and don't take it too seriously.

What are your top three goals for your tenure as CAS president?

Let me first state that I firmly believe that the role of the CAS president is primarily an administrative one. His or her number one responsibility (with a lot of help from the members of the executive council, staff, and committees) is to implement the policies established by the Board of Directors. In that role, the president not only does not need, but could possibly be impaired by, a political "agenda."

Of course, the president is also a member of the Board and in that role is involved in establishing and revising CAS policy. The saying "knowledge is power" has an element of truth to it. The president is in a unique position on the Board. Due to the administrative role, the president is probably more up-to-date on a broad range of CAS issues, events, and challenges than other Board members. The president can have some influence on policymaking by knowing these details. The president is also heavily involved in establishing the agenda for the Board meeting. Therefore, the president can have some influence over total Board activity so it is important that the president have an ideology consistent with that of the majority of the members.

My number one goal as president is to ensure that all Board policy is implemented and adhered to in CAS activities. My secondary goals are

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Student Liaison Committee Mission

The Student Liaison Committee communicates with CAS candidates, collectively and individually, who are taking CAS examinations. The Committee counsels 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 Student Liaison Committee at the CAS Office address.

Voice Recognition Software May Help Study Process

By Christopher Tait, FCAS, Student Liaison Committee

Susan M. Miller is a Fellow of the Casualty Actuarial Society and a consulting actuary with Milliman & Robertson, Inc. in Radnor, Pennsylvania. She has taught review seminars for CAS examinations for Casualty Actuaries of the Mid-Atlantic Region (CAMAR). Ms. Miller shares her experience using voice recognition software to help prepare her seminar notes.

What is voice recognition software?

It is a way to translate spoken words into the correct written words in an electronic document. The input you provide is the words you say into a microphone. The output is the "typed-out" version of those words, usually directly into a word processing program, or into another text-based tool, like e-mail.

Which software package do you use?

I use a program called NaturallySpeaking from Dragon Systems.

Why did you choose that package?

It was recommended by a colleague. It also received very good reviews in computing magazines. And for the price, it was easily worth a try.

How much does it cost?

I purchased NaturallySpeaking, Preferred Edition, which costs about \$150. The price included the software and the headset.

Are there other options for purchasing voice recognition software packages?

Based on a search of Amazon.com, the following is a partial list of available voice recognition software packages:

- L&H Voice Xpress Professional (L&H Speech Products), \$85.99

- NaturallySpeaking Preferred Edition (Dragon Systems), \$149.99
- NaturallySpeaking Standard Edition (Dragon Systems), \$86.99
- Now You're Talking on the Web (L&H Speech Products), \$44.99
- ViaVoice Millennium Edition for Macintosh (IBM), \$79.99
- ViaVoice Pro (IBM), \$149.99

How does it work?

The first thing I had to do after installing the programs was to set up the (headset) microphone's volume level and position properly. Next, I had to spend some time talking to the program, so it could "get to know me." The installation program offers several reading selections that I was requested to read aloud. Reading aloud a pre-selected set of material to the computer (which felt awkward at first) provided the program with a good introductory sample of my speech patterns. I spent at least 15 to 20 minutes on this reading. Luckily, the computer offered interesting reading material to choose from—I read *Dilbert's Guide to Management!* I had to try to read without laughing, which was the biggest challenge. After that, the software was ready to understand my Midwest accent and otherwise mellifluous tones, and we were on our way!

How would you have used this software when you were studying for exams?

I can see some very important "student" uses for this software! I have been involved in teaching actuarial exam seminars for CAMAR, and that requires me to study the syllabus readings and take copious notes, almost as if I were a student! Also, the notes I take need

NaturallySpeaking System Requirements

- IBM PC or compatible
- 200 MHz Pentium processor with MMX, or equivalent
- Microsoft Windows 95 or 98 (with 48 MB RAM), or Windows NT 4.0 with Service Pack 3 or greater (with 64 MB RAM)
- 200 MB free hard disk space
- CD-ROM drive (for installation)
- Creative Labs SoundBlaster 16 or equivalent sound board supporting 16-bit recording
- Speakers required for listening to "Quick Tour"

to be typed, neat, and well organized, so I can provide them to my classes.

I have found the software an extremely valuable tool for note taking. Generally, I read a page or two from a syllabus item, think about what questions and answers I'd like to put in my notes, and then go ahead and simply dictate them into the software. I am impressed with how accurate the software is as I read aloud important passages from syllabus readings. And it seems to only get better as I continue to use it! (NaturallySpeaking constantly updates the user's speech files, so it seems to know more and more the longer you work with it.)

I am also amazed at how quickly I can dictate and still have the software keep up with me. (NaturallySpeaking works better when you dictate longer passages, as opposed to word-by-word, because it uses the words in context to recognize what you've said.) I have found that preparing my notes with this software has been a tremendous

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Spotlight

From page 2

to see the CAS make significant progress in three areas:

1. Better define the CAS's international vision and strategy and further the development of a structure within the CAS to support it.
2. Successfully complete the transition to the new exam structure and begin researching and planning for the next major improvement to our basic education system.

"The president...could possibly be impaired by a political 'agenda.' "

3. Better support those members and future members who will be working in areas other than the traditional ones for casualty actuaries.

What do you envision the CAS looking like in 10 years?

Some things we will work hard to keep the same. I believe the CAS 10 years from now will have main-

tained its strong membership involvement culture, which I believe is our biggest asset as an organization. While we will continue to expand our use of paid staff to leverage our outstanding volunteer resources, we will not succumb to the temptation to utilize staff to the point where the CAS ceases to be a membership-driven organization. We will also continue to be an independent organization working cooperatively with other organizations, especially the American Academy of Actuaries and the International Actuarial Association, to achieve our goals.

Some things will be different. We will be bigger and more diverse. Our diversity will be both geographic and by type of employers/clients and work performed. We will have a higher proportion of our members living in countries other than the U.S. and Canada, and many of our members, regardless of where they live, will be working on assignments of a multinational nature. We will

Check Your Exam Status

Verify your exam status in the Students' Corner on the CAS Web Site (www.casact.org). It is important that credit for joint CAS/SoA Exams 1-4 is properly recorded.✓

no longer have the vast majority of our members working solely on pricing and loss reserving issues for insurance and reinsurance companies. In ten years a large number of our members will be working either on a broad range of issues for our traditional employers/clients (i.e., insurance companies) or working for nontraditional employers. The CAS's research activities, continuing education offerings, and even the basic education will reflect both the greater geographic diversity and the greater diversity of our members' practice.✓

Voice Recognition

From page 3

time saver, as well as a big help in avoiding writer's cramp.

I think that most actuarial students have struggled at one time or another to determine the best way to read the syllabus materials and take notes effectively. My notes are similar to typed-out flashcards, and by using the software I have found myself spending less time typing and formatting, and more time reading and retaining the information.

Does the software work if you have a head cold?

So far, the software appears to work reasonably well under a variety of conditions, such as if I have a cold, or if I am working in a noisy environment.

Can two people use the software on the same computer?

Yes. The program defines separate "users." Users, however, first need to build up their own record of speech patterns, which are saved on the computer's hard drive. The computer will then only recognize those users. My son was very eager to try out this software, but when I let him try speaking into the microphone, using my user profile, the computer didn't understand a word he said! Not even if he tried to speak very slowly and clearly. I guess I'll have to set him up with his own user profile for use on his second grade term papers.

Have you come across any drawbacks or disadvantages?

The software does not recognize everything. For example, I don't think I could easily get it to understand mathematical notation (like "a angle n double dot"). Also, it does not always know the specialized language of our field. The results

were funny sometimes. "Watercraft Liability" became "Watercress Liability." "HO-3" became "achoo three." It has the ability to learn new words, though.

Is it compatible with most other software packages (e.g., Microsoft Word)?

Yes. You can open up the voice recognition program within other software applications. I have tried it with Word, Excel, and Lotus Notes (e-mail), and it works the same in all three. I didn't use it very much in Excel; I would imagine one would need to get comfortable with the way it understands the dictation of numbers (for example, one thirty-eight versus 138, etc.). Also, how to navigate through the cells of a spreadsheet (i.e., Tab, Left, Right, Up, Down). I have found it extremely useful in the more text-based applications, though.✓

Who Wants to Be a Fellow?

By Steven D. Armstrong, FCAS, and Shantelle A. Johnson of the Student Liaison Committee



It's 8:00 p.m. and the popular television show *Who Wants to Be a Millionaire?* is preempted by a new kind of game show called *Who Wants to Be a Fellow?* I'm amazed that ABC would give an hour of prime-time TV to promote the CAS. Nevertheless, Regis has gone through the fastest-finger round and has brought to the hot seat a gentleman named Alec Smart for what appears to be a grueling test of an actuary's wits and stamina.

The rules are a bit different. A question will be asked pertaining to each of the nine CAS exams. The questions will be asked in order of the exams. There will be one final question, the tenth question, which can be on any topic relevant to the Casualty Actuarial Society (exam-related or nonexam-related). If this tenth question is answered correctly, the new Fellow will also win \$1 million! Lifelines still exist and the audience is surprisingly made up of candidates, Associates, and Fellows. The 50-50 option is always a popular choice in eliminating the two most obviously wrong answers, and the most popular, Phone a Fellow, can help Alec in a time of need.

It's time to begin the show. To play along at home, I hit the mute button at the appropriate time so that I would not hear the answer. "So, let's begin *Who Wants to Be a Fellow?*!" roars Regis.

Regis: For the first exam, Mathematical Foundations of Actuarial Science, please answer the following question:

Assume 10% of a company's life insurance policyholders are smokers. The rest are nonsmokers. For each nonsmoker, the probability of dying during the year is 1%. For each smoker, the probability of

dying during the year is 5%. Given that a policyholder has died, what is the probability that the policyholder was a smoker?

- a) 5%; b) 20%; c) 36%; d) 56%

Regis: Congratulations, you now have credit for Exam 1. Now for our second question, coming from the syllabus on Interest Theory, Economics, and Finance, please answer the following:

Sean and Anna-Marie each make deposits of \$100 at the end of each year for 40 years. Starting at the end of the 41st year, Anna-Marie makes annual withdrawals of X for 15 years and Sean makes annual withdrawals of Y for 15 years. Both funds have a balance of \$0 after the last withdrawal. Anna-Marie's fund earns an annual effective interest rate of 8%. Sean's fund earns an annual effective interest rate of 10%. What is Y-X?

- a) \$2,792; b) \$2,824; c) \$2,859; d) \$2,893

Alec got the question right and is now moving onto the third exam.

Regis: So far so good. You have all your lifelines intact and are now going for Exam 3, Actuarial Models. And I am not talking about Cindy Crawford determining case reserves, if you know what I mean. The question is:

The annual number of accidents for an individual driver has a Poisson distribution with mean λ . The Poisson means, λ , of a heterogeneous population of drivers have a gamma distribution with mean 0.1 and variance 0.01. What is the probability that the driver selected at random from the population will have two or more accidents in one year?

- a) 1/121; b) 1/110; c) 1/100; d) 1/90

After polling the audience, Alec gets this question right, too. It looks

like the question for Exam 4 is about to begin.

Regis: For Exam 4, Actuarial Modeling, answer the following question:

What is the minimum number of expected claims for full credibility if the coefficient of variation of the distribution at hand is 2.0 and we are looking for full credibility to be defined as $\pm 10\%$ of the true value with 95% probability?

- a) 1,153; b) 1,537; c) 1,921; d) 2,305

That was a tough question, but luckily Regis offered that the point corresponding to 95% probability on the Normal Table equaled 1.96, making this question a bit more palatable. After the commercial break, Regis is ready to offer Alec the fifth question.

Regis: So, Alec, you have made it through four exams so far. Let's take a look at the fifth question from the material on Introduction to Property and Casualty Insurance and Ratemaking.

Given that the loss and loss adjustment expense pure premium is \$100 and that the fixed expense per exposure is \$15 with a variable expense factor equaling 19% and a profit and contingency factor totaling 5%, what would be the appropriate rate for this risk?

- a) \$142; b) \$143; c) \$147; d) \$151

Regis: He's got it right! This guy could go all the way to Fellowship! Let's see what the sixth question brings from the topics of Reserving, Insurance Accounting Principals, and Reinsurance.

Given the three link ratios of 1st-2nd development period = 1.50, 2nd-3rd = 1.15, and 3rd-Ult = 1.00, the expected loss IBNR factor for the

News from the CAS Regional Affiliates

CAE—Casualty Actuaries in Europe

The CAE held its Spring Meeting on March 31, 2000, in Zurich, Switzerland. Featured speakers discussed the differences between Bailey/Simon and GLIM as well as the application of GLIM to consumer demand questions; consistent pricing of insurance liabilities within the capital markets; and the current job market outlook for actuaries. CAE newly elected officers are John Narvell, president, and Paul Klauke, vice president. For information, please contact Alessandra Quane at Alessandra.Quane@aig.com.

CAMAR—Casualty Actuaries of the Mid-Atlantic Region

CAMAR's Spring Meeting will be held at 1:00 p.m. on June 1, 2000, at the Philadelphia DoubleTree Hotel. After the business meeting and a vote on proposed changes to the CAMAR constitution, CAMAR Past President Tim Wisecarver will moderate a presentation on workers compensation reserving. This panel will describe special considerations with regard to occupational disease exposures and how a workers compensation reserving actuary might go about slicing data in support of a best estimate reserve. Dr. Joseph Abel, director of development for The Actuarial Foundation, will discuss "Advancing Student Achievement," a mathematics mentoring program involving grade school and high school students. For more information or to volunteer, contact CAMAR College Relations Chair Vince Yezzi at (215) 656-2362.

The American Academy of Actuaries' Actuarial Board for Counseling and Discipline (ABCD) will present a mock hearing.

CAMAR members can volunteer to participate in the hearing as ABCD members with one lucky member taking on the role of the "subject actuary." The meeting will conclude with a reception.

Plans are underway for CAMAR fall exam preparatory seminars in Philadelphia. Registration information will be posted on the CAS Web Site as soon as it is available.

The Annual Meeting will be held in Baltimore in late November or early December. Information will be posted to the Regional Affiliate section of the CAS Web Site under Continuing Education. For more information, contact Gary Shook at Gary_Shook@SwissRe.com.

CANE—Casualty Actuaries of New England

The Fall Meeting of CANE will be held on September 26, 2000, at the Worcester Centrum. For details, contact Katharine Barnes at barnesk@towers.com or (617) 638-3717.

CANW—Casualty Actuaries of the Northwest

The CANW Fall Meeting will be held on the afternoon of Friday, September 8, 2000, in the Chamber of Commerce Building at Cannon Beach on the Oregon coast. The meeting is coordinated through Surfsand Resort (www.surfsand.com). Scheduled speakers and topics include CAS President Alice Gannon on current CAS issues; Richard Sherman on liabilities relating to solar storms; and Thomas Hess on mortality for disabled lives. For additional information, please contact Craig Scukas at craig.j.scukas@us.pwcglobal.com.

CAGNY—Casualty Actuaries of Greater New York

Members of CAGNY will have an all-day meeting on June 6, 2000,

at Loews New York. For information, contact Adrienne Kane at akane@chubb.com or (908) 903-3255.

CASE—Casualty Actuaries of the Southeast

The CASE Spring Meeting was held on March 16, 2000, in Fort Lauderdale, Florida. Cecilia LePere assumed the presidency. Members elected Rich Moncher as president-elect and Ken Morgan as vice president-education and college relations. There was a presentation on residual market pricing and discussions of enterprise risk and hurricane issues. CAS President Alice Gannon briefed the group on current topics in the CAS and answered candidates' questions. The next meeting will be in late summer or early fall. For information, contact Ann Bok, CASE Vice President-Administration, at (561) 997-4790 or Ann_Bok@NCCI.com.

MAF—Midwestern Actuarial Forum

MAF will have their Fall Meeting on September 12, 2000, at the offices of Nationwide in Columbus, Ohio. For more information, contact Brian Poole at brian.d.poole@us.arthurandersen.com or (317) 624-1990.

SWAF—Southwest Actuarial Forum

The SWAF Spring Meeting will be held June 19, 2000, at the USAA Building in San Antonio. The \$40 fee includes a continental breakfast and lunch. Please register by June 5. After the business session, the following presentations will be made: "Premium Deficiency Reserve" by Donna Munt; "Use of Credit Information for Underwriting" by Eddy Lo; "Update of the Committee on Professionalism

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Updates to the CAS 2000 Syllabus

Exam 1

The study note, "Risk and Insurance," is available. Please order Society of Actuaries Study Note 1-21-00.

In order to promote the proper emphasis on the preparation for this examination, a table of values for the normal distribution will be provided to candidates at the time of the examination.

Exam 2

The sixth edition of *Principles of Corporate Finance* by Brealey and Myers has been published. Candidates may use the sixth edition with the same citations as the fifth edition with one exception: use Chapter 28 in the sixth edition instead of Chapter 27.

The 2000 edition of the study note, "Macroeconomics," by Wachtel will be used. Candidates are responsible for all five chapters of this study note. Please order Society of Actuaries Study Note 2-21-00.

Exam 3

The study note listed under Classification of Models (*Syllabus*, page 46) is not required reading at this time. This is a change from the originally published reading list. This study note, "Actuarial Models and Modeling: An Interactive Approach," is a CD-ROM published by ACTEX Publications. It provides an opportunity to explore actuarial models and modeling techniques relevant to Exams 3 and 4, and may be a valuable tool for many students.

The seventh edition of *Introduction to Probability Models* by S.M. Ross has been published. Candidates may use the seventh edition with the same citations as those listed for the sixth edition.

In order to promote the proper emphasis on the preparation for this examination, the following will be provided to candidates at the time of the examination: an inventory of

continuous distributions, an inventory of discrete distributions, a normal table, and an illustrative life table. Copies may be downloaded from the Students' Corner of the CAS Web Site (www.casact.org) under Update to the 2000 *Syllabus of Examinations*.

Exam 4

The study note listed under The Modeling Process (*Syllabus*, page 51) is not required reading at this time. This is a change from the originally published reading list. This study note, "Actuarial Models and Modeling: An Interactive Approach," is a CD-ROM published by ACTEX Publications. It provides an opportunity to explore actuarial models and modeling techniques relevant to Exams 3 and 4, and may be a valuable tool for many students.

In order to promote the proper emphasis on the preparation for this examination, the following will be provided to candidates at the time of the examination: an inventory of continuous distributions, an inventory of discrete distributions, and normal, chi-square, t, and F tables. Copies may be downloaded from the Students' Corner of the CAS Web Site (www.casact.org) under Update to the 2000 *Syllabus of Examinations*.

Exam 6

The second edition of *Reinsurance Practices* will be used. The new citation is: Cass, R.M.; Kensicki, P.R.; Patrik, G.S.; and Reinartz, R.C., *Reinsurance Practices* (Second Edition), Insurance Institute of America, 1997, Volume 1, Chapter 5; Volume 2, Chapters 9, 10, and 11.

The cited page numbers for the *Foundations* chapter on "Reinsurance" by Patrik were from a previous edition. The correct citation is: Patrik, G.S., "Reinsurance," *Foundations of Casualty Actuarial Science* (Third Edition),

Casualty Actuarial Society, 1996, Chapter 6, pp. 344-374 (section on Reinsurance Loss Reserving).

Exam 9

For the following citations, candidates are responsible only for excerpts printed in the 2000 Study Kit: *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* and *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance*. Both sources are as of July 1, 1999.

Exam Discipline

Under Examination Discipline, examples of improper conduct, item 17 on page 14 of the *CAS Syllabus of Examinations* should read: "Disclosing the contents of an examination to any other person prior to the exam's release. For CAS Exams 5-9, this would generally apply to the day when the examination is administered."

CAS E-Mail Study Groups

Instructions for joining an e-mail study group on the CAS Web Site have not changed (go to <http://www.casact.org/students/studygroups.cfm>). Those without Web access can join a study group by sending an e-mail to the new address: mailsrv@lists.casact.org. In the body of the message, type subscribe studygroup1 [your full name], subscribe studygroup2 [your full name], etc., as appropriate. For example, subscribe studygroup3 Mary Doe. (Specify studygroup7C or studygroup7U.) The e-mail list program will take the e-mail address from the sender's e-mail field. Candidates will receive an e-mail confirmation that they have been added to the study group list. Study group messages are archived on the CAS Web Site at <http://www.casact.org/students/studytools/index.htm>. Contact Michael Boa at mboa@casact.org with any questions.✓



Study Aids & Seminars

The Casualty Actuarial Society provides vendor information (denoted by the "i" symbol above) on review seminars and study aids as a service to CAS candidates. The CAS takes no responsibility for the accuracy or quality of the study aids and seminars announced in *Future Fellows*.✓



Casualty Study Manuals Order Form

Parts 2S and 6S are supplements to the Basic Manual and contain additional questions from earlier years. Parts 6, 6S, and 9 are currently available.

Mail prepaid orders to (new address):

Casualty Study Manuals

2258 Berkley Ln.

Asheboro, NC 27203

Phone: (336) 625-9259

Fax credit card orders

(Visa and MasterCard only) to:

(336) 625-4757.

Prices include delivery within the U.S. For orders outside the U.S., payment must be made in U.S. funds, on a check drawn or payable through a U.S. bank, or by credit card or postal money order.

Orders from North Carolina must add 6% sales tax.

For deliveries outside of the U.S., additional postage as specified below must be added:

In Canada: \$7.50 for one manual;
\$12 for two manuals;
\$17 for three or four manuals.

In Europe, Middle East: \$17 per manual.

In Central/South America, Bermuda: \$11 per manual.

In Australia, New Zealand, Far East: \$19 per manual.

Total amount due: \$ _____

Name: _____

Company: _____

Address: _____

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Phone: _____

Credit Card Number: _____

Exp.: _____ Signature: _____



Check Box	Part	Price
	2 Basic	*
	2S	*
	3	*
	4	*
	6 Basic	\$100
	6S	\$25
	9	\$105

**Please call or check our Web site (www.csmanuals.com) for availability and pricing of other parts.*

\$1 Million Fellow

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1st-2nd development period is:

a) 0.40; b) 0.42; c) 0.44; d) 0.46

Regis: You're right! Just one away from Associateship! With two lifelines intact, let's see what Alec can do! For Exam 7, from the U.S. material on Annual Statement, Taxation, and Regulation, please answer the following:

According to G.E. Rejda and using the intermediate assumptions (best estimate), what is the year that combined OASDI trust funds' assets will be exhausted?

a) 2022; b) 2025; c) 2032; d) 2034

Using the 50-50 narrowed the scope for Alec and he guessed correctly, making his Associateship. After this commercial break, let's see if Alec can make it to Fellowship by answering two more questions and the final bonus question.

Regis: Alec, you have now made it to Associateship. Only two more correct answers and you will be a Fellow. After that, the final bonus question could win you \$1 million. Are you ready? From Exam 8, Investments and Financial Analysis, answer the following question:

The Macaulay Duration for an 8.0% semiannual coupon bond with yield to maturity of 8.0% and a term 2 years until maturity with a Par Value and Price of \$100 is:

a) 1.85; b) 1.87; c) 1.89; d) 1.91

Regis: After a lot of number punching on your calculator, you got the correct answer! You are in a good position to achieve Fellowship with one lifeline left and only one question left to answer! So let's go for it! Good luck! From Exam 9, Advance Ratemaking, Rate of Return, and Individual Risk Rating Plans, answer the following question:

The Experience Modification, M, for a risk with actual losses equal to

Continued on page 11



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Actuarial Study Manuals

Actuarial Study Manuals (ASM) announces that its retail operations have been transferred to ACTEX/Mad River Books. ASM manuals for CAS/SoA Exams 1-4, CAS Exam 5, and SoA Course 6 will be available only through ACTEX/Mad River (see above).

Important Dates

From page 1

CAS Seminars and Meetings, Continued

DFA Seminar

July 17-18, 2000

New York Marriott Marquis
New York, New York

Casualty Loss Reserve Seminar

September 18-19, 2000

Minneapolis Hilton and Towers
Minneapolis, Minnesota



Midwestern Actuarial Forum Exam Review Seminars

The MAF plans to host Exam Review Seminars in September 2000 for:
CAS/SoA Exam 3—Actuarial Models
CAS/SoA Exam 4—Actuarial Modeling
CAS Exam 9—Advanced Ratemaking, Rate of Return, and Individual Risk Rating Plans

Other seminars may be added. Instructors include Robert Batten, Steve Kellison, and Mark Priven. As they become available, seminar dates and other details will be published on the CAS Web Site (www.casact.org).

All seminars will be held at the Allstate Insurance Company's home office complex in Northbrook, Illinois. Questions may be directed via e-mail to Bonnie Gill, MAF Education Officer, at ABD9M@Allstate.com.



New England Actuarial Seminars

New England Actuarial Seminars is sponsoring the following preparatory seminars for the Fall 2000 examinations:

CAS/SoA Exam 2: (six days) by G. Blumsohn, R. Batten, and D. Smith. Tuition: \$635. Offered in Illinois and New Jersey. Full study aids on microeconomics, macroeconomics, and corporate finance.

CAS/SoA Exam 3: New Jersey seminar by H. Mahler (3 days) and R. Batten (4 ½ days). Illinois seminar by H. Mahler (3 days) and G. Ramanathan (4 days). Tuition: \$785. Includes six Student's Guides by Mahler and solutions to all relevant questions from past CAS Part 4B and Part 4 exams (see Web site for extracts, practice problems, and model solutions).

CAS/SoA Exam 4: (six days) by H. Mahler and J. Pai. Tuition: \$695. Offered in Illinois and New Jersey. Includes five Student's Guides by Mahler and solutions to all relevant questions from past CAS Part 4B and Part 4 exams (see Web site for extracts, practice problems, and model solutions).

CAS Exam 6: (six days) R. Scott and S. Feldblum. Tuition: \$785. Offered in Illinois and New Jersey. Includes complete study manuals and study aids covering the entire Exam 6 syllabus, recommended study schedule, online study group, and discussion thread. Practice problems with solutions on Web site; excel spreadsheets to more complex exhibits in download library. Check Web site to ensure that space is available in seminar.

CAS Exam 9: (six days) E. Brosius and S. Feldblum. Tuition: \$895. Offered in Illinois and New Jersey. Includes over a dozen extensive study aids, recommended study schedule, online study group, discussion thread. Practice problems with solutions on Web site; excel spreadsheets to more complex exhibits in download library. Check Web site to ensure that space is available in seminar.

Seminars will be held at the Sheraton Hotel at Woodbridge Place in Iselin, New Jersey and at the Holiday Inn O'Hare International in Rosemont, Illinois, in September and October 2000. Details are available on the NEAS Web site (www.neas-seminars.com). Contact:

New England Actuarial Seminars, Inc., Box 315 (88 Pond Street, Suite 3), Sharon, MA 02067; Telephone: (781) 784-0170; Fax: (781) 784-8209; E-mail: plashoto@erols.com, Web site: www.neas-seminars.com



S. Broverman Preparation Seminars for Actuarial Examinations

<http://members.home.net/2brove>

Check Box	Part	Date	City	Length	Tuition	Instructor
	1	10/27-10/29	New York	2-1/2 days	\$350	S. Broverman
	1	11/3-11/5	Chicago	2-1/2 days	\$350	S. Broverman
	2	10/21-10/25	Chicago	5 days	\$575	Broverman/Sharp
	2	10/26-10/30	New York	5 days	\$575	Broverman/Sharp
	3	10/17-10/22	New York	6 days	\$675	S. Broverman
	4	10/3-10/8	Chicago	6 days	\$675	S. Broverman
	4	10/10-10/15	New York	6 days	\$675	S. Broverman

Professor S. Broverman, ASA, Ph.D., of the University of Toronto has over 20 years' experience in actuarial education. He is the author of ACTEX study guides for Exams 1 and 4. Dr. K. Sharp, FSA, Ph.D. (Finance) of Waterloo is the author of several publications in finance and insurance.

If you have any questions about the seminars, please contact Professor Broverman or Dr. Sharp:

Instructor	Telephone	E-mail	Fax
S. Broverman	(416) 966-9111	2brove@home.com	(416) 966-9119
K. Sharp	(519) 746-2939	SharpWaterloo@compuserve.com	

Updated information about seminar sites is available at Professor Broverman's Web site: <http://members.home.net/2brove>.

Registrations should be sent to:

Professor S. Broverman, 90 Kendal Avenue;
Toronto, Ontario, CANADA M5R 1L9
Fax: (416) 966-9119

Please use this form to register and make registration fees payable by check to **S. Broverman Consulting, Inc.** Please note that first class letter postage from the U.S. to Canada in \$0.55.

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Georgia State University's Actuarial Science Program

Georgia State University's Actuarial Science Program will offer the following seminars for the CAS Fall 2000 Exams:

CAS Exam 1—Mathematical Foundations of Actuarial Science
CAS Exam 2—Interest Theory, Economics, and Finance
CAS Exam 3—Actuarial Models
CAS Exam 4—Actuarial Modeling

For additional seminar information, please visit the Web site at www.actuary.gsu.edu or contact Vicki Abrams, Program Manager, at (404) 651-2734 or e-mail vabrams@gsu.edu.



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CAMAR Fall 2000 Review Seminars

Casualty Actuaries of the Mid-Atlantic Region (CAMAR) will offer preparatory seminars in the fall for the following CAS exams:

Exam 1—Mathematical Foundations of Actuarial Science


Exam 2—Interest Theory, Economics, and Finance

Exam 3—Actuarial Models

Exam 4—Actuarial Modeling

Exam 6—Reserving, Insurance Accounting Principles, and Reinsurance

Exam 9—Advanced Ratemaking, Rate of Return, and Individual Risk Rating Plans

The seminars will be held in Philadelphia during September and October. Look for information regarding specific dates, instructors, and a registration form on the CAS Web Site (www.casact.org) in the Regional Affiliate section, under CAMAR or at <http://sbm.temple.edu/~rmidept/actSci.htm> (please note the uppercase “S” in “actSci”). 

\$1 Million Fellow

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\$100,000 and expected losses totaling \$120,000 with credibility only being 50% is:

a) 0.92; b) 0.93; c) 0.94; d) 0.95

After phoning a friend who passed Part 9 during the last sitting, Alec answers the question.

Regis: That’s incredible, Alec! You have achieved Fellowship live here on ABC—a first in television history! You must feel great right about now. Let’s see if we can add \$1 million to add to your celebration! The tenth and final question is:

In which year’s online version of the CAS *Proceedings* were the Casualty Actuarial Society Examinations last printed within the publication itself?

a) 1959; b) 1960; c) 1970; d) 1980

Alec is obviously stumped. Can



ALL 10, LLC Bookstore and Study Materials


Students preparing for the Fall 2000 actuarial exams recognize that a key factor contributing to their success lies in the quality of the study materials they have at their disposal. ALL 10 offers the following:

Exams 2 and 3 Study Manuals—Daniel Miller and Richard Zarnik are authors of the *ALL 10 Theory of Interest Study Manual* and the *ALL 10 Life Contingencies Study Manual*. The manuals provide summaries of the chapters in the Kellison/Bowers syllabus readings, diagrams of the given information for most interest theory problems, and tips for using the BA-35 calculator effectively.

New Exam 6 Study Manual—This new manual by Richard Zarnik covers syllabus readings in Sections B-E (pages 64-67 of the CAS *Syllabus*) as of early April. (Check ALL 10’s Web site to see if other sections will be included in the manual.)


New Exam 9 Study Manual—This manual by Richard Zarnik covers all of the Exam 9 syllabus readings. Available in early June, the text contains syllabus reading summaries and solutions to past CAS exam questions. To view our summary of the Venter article “Experience Rating—Equity and Predictive Accuracy” and solutions to past questions associated with this article, send an e-mail to rzarn@all10.com to receive the file’s exact Web location.

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G.V. Ramanathan Internet Preparation Course

Internet exam preparation courses for the CAS/SoA Exams 1 and 3 will run July 6 through November 6, and July 5 through November 8, respectively. Direct interaction with the instructor via e-mail, weekly assignments, practice quizzes, and three full-length practice exams in real time followed by discussion will transpire on the Internet. For details, calendar, and registration, visit the Web site <http://pws.prserve.net/actprep/> or e-mail Professor G.V. Ramanathan at ggram@attglobal.net. Professor Ramanathan is professor emeritus of mathematics at the University of Illinois at Chicago. 


you help him win \$1 million? Log on to the CAS Web Site

(www.casact.org) and enter through the Student Discussion Forum to locate the thread entitled Student Liaison Committee—Who Wants to Be a Fellow? There you can find the answers to the first nine questions and you will be able to post your answer to the final question.

Good luck and have fun! 

Regional Affiliates

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Education” by Mark Phillips; and “Funding Catastrophic Exposures” by Ross Davidson. For more information, contact Kimberley Bowen at (210) 498-7202 or bowenk@usaa.com or visit the SWAF Web site at www.casact.org/swaf/index.htm. 

Format Changes for Exams 7 and 8

By Beth E. Fitzgerald, FCAS

General Officer, CAS Examination Committee

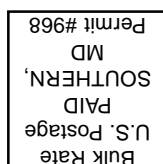
In the March issue of *Future Fellows*, the CAS Examination Committee informed candidates that the format for the new Exams 5-9 would consist of a mix of true/false, multiple-choice, and essay questions. At that time, the format for the new exams was not yet final. For Exams 7 and 8, the Examination Committee decided to adopt a somewhat different format.

For Exams 7-U.S. and 7-Canada, the Spring 2000 Exam contained 27-35 points of true/false questions and 65-73 points of essay questions. There were no multiple-choice questions on this exam. The Exam 7 material is more factual in nature and is therefore natural to test through true/false questions. In the past, the exams made heavy use of the triple true/false format, but the Exam 7 Committee decided to eliminate this format and replace it with individual true/false questions, in part as a response to candidate feedback about the triple true/false format. As a result of that decision, there was little need for use of the multiple-choice format.

For Exam 8, the Spring 2000 Exam contained essay questions only. There were no true/false or multiple-choice questions on this exam. The Exam 8 Committee made this change in format based on its evaluation that the Exam 8 material includes more technical content. The Committee felt that the use of the written answer format would minimize the impact of calculation errors and provide the candidates an opportunity to receive partial credit on all problems.

Candidates who registered for the Spring 2000 Exams 7-U.S., 7-Canada, and 8 were notified of these changes in the mail. A notice of change was also posted on the CAS Web Site prior to the spring exams.

As of the press deadline for this article, the format for Exams 6 and 9 is still being developed. If the format for these exams is substantially different from prior years, candidates will again be notified prior to the fall exam administration.✓



From:
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Arlington, Virginia 22201-4798