

Future Fellows



March 2001

For the Candidates of the Casualty Actuarial Society

Volume 7, No. 1

Important Dates to Remember

Spring 2001 Registration and Change of Center Deadlines

Exams 5, 7, and 8: **March 22, 2001**

Exams 1-4: **April 1, 2001**

Deadline for Refund Requests

June 30, 2001

CAS Seminars and Meetings

Seminar on Ratemaking

March 11-13, 2001

The Mirage

Las Vegas, Nevada

CAS Spring Meeting

May 6-9, 2001

Fontainebleau Hilton

Miami Beach, Florida

Seminar on Dynamic Financial Analysis

June 7-8, 2001

The Boston Plaza Hotel

Boston, Massachusetts✓

Official Notices

2001 *Syllabus* Updates 6

Fall Examinations Results 10

Inside this issue

Spotlight on CAS Members 4

Opinion 7

Regional Affiliate News 9

Reduction in Readings Announced for Spring 2001 Exams 3 and 4

The presidents of the Casualty Actuarial Society and the Society of Actuaries announced a reduction in the amount of required study material for Exams 3 and 4 which are jointly administered by the two societies. The changes take effect with the Spring 2001 examinations. (Specific changes are listed on page 6 with other changes to the *Syllabus of Examinations*.)

The December 21 announcement was the culmination of a process that began when the CAS Board of Directors reviewed concerns about Exams 3 and 4 early last year. In February 2000, the Board established the Task Force on Exams 3 and 4 to determine if the learning objectives were appropriate for casualty actuaries—and for all actuaries, and whether the materials being used to teach the learning objectives were appropriate.

Continued on page 2

CAS Hires Education Consultant

The Casualty Actuarial Society has contracted with The Chauncey Group International of Princeton, New Jersey, to serve as education consultant. Specifically addressing CAS Exams 5-9, the consultants will review, critique, and make recommendations on learning objectives, test specifications, and examination questions. They will create a training program and manual on developing educational objectives and writing effective test questions. The consultants will also critique the measurement approaches for exam length and difficulty.

The CAS Executive Council (EC) sought the services of a professional education consultant as a follow-up to recommendations contained in the November 1999 Report of the CAS Task Force on the Review of Education and Examination Process and Procedures. Gail M. Ross, FCAS, chaired a task force to develop the request for proposals that was issued in July 2000 and to interview applicants. After reviewing the task force's recommendations, the EC selected The Chauncey Group in December.

The Chauncey Group International is a subsidiary of Educational Testing Service. Its professional staff members are experts in evaluating and training organizations in the development of testing programs.

Continued on page 2



Future Fellows is published four times per year by the Casualty Actuarial Society, 1100 North Glebe Road, Suite 600, Arlington, Virginia 22201-4798.

Telephone: (703) 276-3100;

Fax: (703) 276-3108;

E-mail: office@casact.org;

CAS Web Site: www.casact.org.

Third class postage is paid at Arlington, Virginia.

Student Liaison Committee:

Virginia R. Prevosto, FCAS
Chairperson

Steven D. Armstrong, FCAS

Brian K. Cox, FCAS

Carleton R. Grose, FCAS

Christopher L. Harris, FCAS

Janet S. Katz, FCAS

Jeffrey W. Schmidt, FCAS

Christopher Tait, FCAS

Laura Markham Williams, FCAS

Candidate Representatives to the Student Liaison Committee:

Serhat Guven

Shantelle A. Johnson

Liaisons to the Student Liaison Committee:

Beth E. Fitzgerald, FCAS

William R. Wilkins, FCAS

CAS Manager, Admissions:

J. Thomas Downey

CAS Examinations Coordinator:

Anne Carlisle

CAS Publications Production Editor:

Elizabeth A. Smith

CAS Editorial/Production Assistant:

Megan V. Casey

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, 1100 North Glebe Road, Suite 600, Arlington, Virginia 22201-4798.

For permission to reprint material, please write to the chairperson of the CAS Student Liaison Committee at the CAS Office address. The CAS is not responsible for statements or opinions expressed in the articles, discussions, or letters printed in this newsletter.

©2001 Casualty Actuarial Society
ISSN 1094-169-X

Readings Reduction

From page 1

The task force submitted its report to the Board in November. The task force members recommended that action be taken to improve the two exams by reducing the amount of material and to replace many of the readings as soon as practical. Funding should be provided for commissioned study notes with a presentation that is more practical and actuarial rather than theoretical. Exams 3 and 4 should continue to be published for their educational value until the new study notes are available. The task force also concluded that some of the learning objectives are beyond what is necessary for casualty actuaries. (The Report of the Task Force on Exams 3 and 4 is available in the Students' Corner of the CAS Web Site at www.casact.org).

The task force's recommendations were forwarded to the Preliminary Actuarial Examinations Syllabus and Education Committee (PAESEC). PAESEC is a joint CAS/SoA committee that addresses educational issues for Exams 1-4. Members of PAESEC considered the recommendations on readings and learning objectives in their own review and developed a final proposal of changes that was approved by both societies.

Members of PAESEC continue to work on Exams 3 and 4. Any additional changes beyond those announced in December would not take effect until the Fall 2001 administration.✓

Education Consultant

From page 1

The consultants will work with the Syllabus and Examination Committees to improve the education process. In January, The Chauncey Group met with Nancy A. Braithwaite and Edward C. Stone, the Syllabus Committee chairperson and vice chairperson, and Thomas G. Myers, Examination Committee chairperson, to conduct an audit of current CAS practices and materials. In the next phase of the project, the consultants will work directly with other committee members. It is anticipated that the process will take a year to complete. Periodic updates will be published in *Future Fellows*.✓

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.

Should I Take the Exams in Order?

By Ginda Kaplan Fisher, FCAS
Syllabus Committee

In the CAS 2001 *Syllabus of Examinations*, it states that “In the development of the *Syllabus* readings and examination questions, it is assumed that candidates are familiar with the material covered in earlier examinations. Therefore, it may be beneficial for candidates to take exams in numerical order.” However, there are many circumstances when some other order might be more appropriate. For example, a candidate might wish to study an exam that is closely related to his or her current work.

To help candidates decide which exam to take next, the table to the right indicates which exams assume knowledge of material found on which prior exams. Most candidates will find it easiest to study for an exam after studying for all of the exams listed in the “prior knowledge” column.

For example, a candidate may wish to take Exam 3 before Exam 2. Because there is a fairly small dependency—only the interest portion of Exam 2—the candidate

might review the interest material and delay sitting for Exam 2 until later.

Other points a candidate should consider include, but are not limited to:

- Exams 3, 4, and 9 make extensive use of Exam 1 material. Exams 5, 6, and 8 assume an understanding of this material, too.
- Both Exams 5 and 6 are approachable without detailed knowledge of the material on Exam 2. However, a candidate who has studied this material may gain a deeper understanding of the material on Exams 5 and 6 and what motivates it.
- Because they are so closely related, it will make sense for most candidates to take Exam 4 immediately after Exam 3. Many candidates will find it easier to study for these more mathematical exams when they are not too far removed from college math.

Exam	Assumes Prior Knowledge from the following Exam(s)
1	None
2	None
3	1 and 2 (Interest)
4	1 and 3
5	1 and 2
6	1 and 2
7	2, 5, and 6
8	1, 2, 3, 4, 5, and 6
9	1, 2, 3, 4, and 5

- Exam 4 covers the theory of credibility, which is applied in Exams 5 and 6. Candidates who have mastered credibility theory in Exam 4 may find its application more intuitive on Exams 5 and 6. On the other hand, candidates who have experience applying credibility on Exam 5 (or to a lesser extent, Exam 6) may find the theory on Exam 4 more tractable.
- There is a great deal of thematic overlap among Exams 7, 8, and 9. Candidates may find their

Continued on page 7

Candidate Representative Wanted!

The CAS Student Liaison Committee is accepting applications for a candidate representative to the committee. The selected candidate will be an active participant on the *Future Fellows* editorial board where he or she will represent candidate views to the committee to help identify issues that should be addressed by the CAS. The 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; and
- Participate in the Student Liaison Committee meetings (quarterly telephone conferences and an annual meeting at the CAS Office).

The new representative will be selected at the Student Liaison Committee’s June meeting. The two-year term will begin in September.

An application is available in the Students’ Corner of the CAS Web Site (www.casact.org) or may be obtained by contacting the CAS Office. The application deadline is **May 25, 2001**. ✓

Spotlight on CAS Members

The View From Senior Management

By Serhat Guven and Christopher L. Harris
Student Liaison Committee



Steven F. Goldberg

The actuary plays a vital role in the insurance industry. Steven F. Goldberg, senior vice president of underwriting and pricing for United Services Automobile Association in San Antonio, offers his view of the industry from the senior management perspective.

How did you get into the actuarial field?

During Christmas vacation of my sophomore year in college I discovered a Metropolitan Life Career Guide. I thumbed through the careers in alphabetical order. Having disposed of accountant, I came upon actuary. The description seemed somewhat appealing (at least more appealing than accounting) so I wrote for more information. This ultimately led to a summer job at the Insurance Rating Board (predecessor of the Insurance Services Office) where I worked the subsequent four summers while finishing college and graduate school.

With what types of work have you been involved?

Following my summer jobs at ISO, I have had the privilege of spending my entire career with USAA. I began as an actuarial analyst and I now serve as senior vice president of underwriting and pricing, essentially the chief underwriting officer of the property/casualty insurance company. My most enjoyable projects have involved reinsurance. I led the so-called Residential Reinsurance transaction which was the first large-scale capital market reinsurance securitization. I visited active catastrophe sites following Hurricane Andrew in 1992 and the Northridge Earthquake in 1994. The

experience of viewing the destructive force of nature made the work I did much more meaningful for me. As a result of the pioneering work we did on reinsurance securitization, I have accepted several speaking opportunities and have been involved in research at the Harvard Business School, the Wharton Business School, and the National Bureau of Economic Research.

The work that has given me the most satisfaction in the personal auto area was my involvement with the Insurance Institute for Highway Safety (IIHS) and the Highway Loss Data Institute. When I was first involved with these institutes, the auto manufacturers had very little interest in safety. Thanks to the great work of IIHS President Brian O'Neill and his staff, auto manufacturers now virtually worship at the altar of the IIHS. They brag when their cars get good ratings in IIHS crash tests and respond by redesigning their cars when they do not. I am proud to say that my company's active involvement in these organizations has genuinely contributed to a reduction in injuries and fatalities on the highways. This has taught me that insurance should not be viewed as a pass-through mechanism. Insurers can contribute to the well-being of society because of the opportunity we have to reduce losses.

What do you see as the major changes in the industry?

This industry has been changing at an accelerating rate ever since I have entered it. I see the major changes in the following areas:

- Technology: There will be

improved safety technology such as smart airbags and better head restraints. Technology will yield mechanisms to communicate with vehicles, including global positioning system tracking, telematics, and black box technologies. For example, emergency assistance will be dispatched upon the inflation of an airbag.

- Insurance Distribution: Our current distribution methods will exploit the opportunities of electronic commerce interfaces. Insurance agents will have to justify their position as intermediaries in a world where direct interface will be the prevailing norm.
- Regulation: With the likely conversion of financial services, I expect the current system of state regulation will change. From an economic standpoint, price regulation is the last bastion of socialism and has outlived its usefulness. While I see the need for vast change in this area, political inertia will hold down the speed for a while. But a revolution in regulation given new technology, new products, and net-savvy customers is inevitable.
- Competition: With loosening price regulation, consumers will benefit from a much wider set of options for insurance. Emerging models that simultaneously handle numerous variables will enable the most analytically skilled firms to have a distinct

Continued on page 5

Cities Announced for Course on Professionalism

The CAS Course on Professionalism will be offered in Chicago, Illinois; Dallas, Texas; and Stamford, Connecticut in late May and June. Dates and exact locations will be announced in the Students' Corner of the CAS Web Site (www.casact.org).

Candidates must successfully complete the Course on Professionalism before they can be admitted as members of the Casualty Actuarial Society. Candidates with credit for five or more exams are eligible to take the course. ✓

Spotlight

From page 4

advantage in risk selection. Firms without these skills will find themselves subject to adverse selection much more rapidly than in the past.

- **Securitization:** I envision the time when insurance companies simply become marketing firms, bundling risks to be passed directly to capital markets. There is no inherent reason for insurance companies to take risk if a more efficient risk-bearing mechanism can be created within capital markets. This is exactly what has happened in the home mortgage market where, through asset-backed securitization, banks simply originate the risk and pass it to a more efficient risk bearer in the capital markets. The key to making this a reality will be reliable risk assessment models.

How is the role of the actuary changing in the insurance industry?

When I first started in the business, actuaries were primarily involved in pricing and reserving. While there is still a great deal of work needed in these areas, they are only the core of our skills. We have become involved in just about every area in which a quantitatively oriented individual can contribute. The contributions of actuaries are a

perfect fit for newly emerging opportunities in the area of enterprise risk management.

Where are the technical skills of the actuary becoming more or less valuable in an insurance company?

An actuary's technical skills are always valuable as they form the basis of the actuary's ability to contribute. But you are useless to an employer unless you have the ability

"...we need to be wary of a tendency to behave as arrogant know-it-alls..."

to communicate the complex issues you have analyzed into actionable decisions. These decisions invariably have to be explained to a wide audience. Nonactuaries are almost always unconcerned with the elegant methodology you used to come up with your answer, but merely are interested in how your answer leads to a rational decision and why. In order to be confident of the answer you bring, you should have had some form of peer review so that your audience is confident that your analysis is sound.

How has the perception of actuaries changed in the industry?

Actuaries are still perceived as the intellectuals of the insurance

industry. We are deeply involved in the engine that actually runs the business—probability theory. In the business of risk assessment, actuaries are perceived as the "engineers." Today, multidisciplinary teams are often used to solve complex business problems. Actuaries are key team members. Although we made it through a lot of difficult exams, we need to be wary of a tendency to behave as arrogant know-it-alls in these teams. Our perception as a productive team member depends on our ability to convey a sense of commitment to the team where everyone has something to contribute from his or her own skill set.

Based on your experience, what skills, outside of technical expertise, have you found most helpful for your success?

Listening skills are vital. It is very difficult to really listen to someone and hear precisely what they are saying. Yet listening is often the missing link in communication.

Another skill that has served me well is my ability and interest in teaching. I have always seen my role as an actuary to translate complex issues into elements that can be easily understood. This is difficult to do and takes a lot of practice. It helps to have a mentor whom you can watch to see how that person gets his or her points across in a

Continued on page 8

Updates to the CAS 2001 Syllabus

Calculator Clarification: TI-30X II

The TI-30X II is an acceptable calculator starting with the Spring 2001 exams. It is available in a solar/battery version (TI 30X IIS) and a battery version (TI 30X IIB—which is sold primarily outside North America). Both are acceptable for all CAS exams, including Exams 1-4 which are jointly administered with the Society of Actuaries.

Texas Instruments announced a potential problem with the TI-30X IIS calculator if it was manufactured before January 2000. According to Texas Instruments, a date code “is stamped into the plastic, or on a small, plastic label, on the back of your calculator. Date codes begin with either an ‘N’ or a ‘C,’ and then four numbers follow. Only calculators with the date codes earlier than 1299 are affected, for example N0699 or C0899.”

Exam Fee Discount

Permanent residents of qualified countries may be eligible for exam fee discounts from both the CAS and SoA. Eligible candidates must submit an application. Details are available in the Students’ Corner of the CAS Web Site or from the CAS Office.

Format for Courses/Exams 1-4

The joint CAS/SoA Examination Committee believes it would be helpful for candidates to know the number of questions on joint Courses/Exams 1-4 for the spring 2001 session.

Course/Exam 1: 40 questions
Course/Exam 2: 50 questions
Course/Exam 3: 40 questions
Course/Exam 4: 40 questions

Course/Exam 3 for Spring 2001

The tables for Course/Exam 3 have been updated (January 24, 2001). The formulas under “B.3 The $(a, b, 1)$ class” have been removed. They will no longer be provided in the tables included with the examination.

The complete text of the revised syllabus of readings for Course/Exam 3 is available in the Students’ Corner of the CAS Web Site. Only the changes are listed below.

Contingent Payment Models

REMOVED: Sections 8.5, 8.6, 9.6.2, 10.5.2, 10.5.5 of *Actuarial Mathematics* (Second Edition), 1997, by Bowers, Gerber, Hickman, Jones, and Nesbitt.

Survival Models

REMOVED: Chapters 2 and 3 of *Survival Analysis*, 1997, by Klein and Moeschberger.

Frequency and Severity Models

REMOVED: Sections 2.7.2 (Example 2.40 and following), 2.7.4, 2.7.5, 3.6.1, 3.7 (Example 3.15, Theorem 3.4, Example 3.18, and following), 3.9 of *Loss Models: From Data to Decisions*, 1998, by Klugman, Panjer, and Willmot.

Compound Distribution Models

REMOVED: Theorem 4.4 in Section 4.6, Sections 4.6.2-4.6.5, 4.9.4 of *Loss Models: From Data to Decisions*, 1998, by Klugman, Panjer, and Willmot.

Stochastic Process Models

REMOVED: Chapter 6, Section 10.4 of *Introduction to Probability Models* (Seventh Edition), 2000, by Ross.

REMOVED: Pages 50-64 of “Stochastic Models for Continuing Care Retirement Communities,”

North American Actuarial Journal, Volume 1, Number 1, by Jones.

Ruin Models

REMOVED: Section 14.5 of *Actuarial Mathematics* (Second Edition), 1997, by Bowers, Gerber, Hickman, Jones, and Nesbitt.

Simulation of Models

REMOVED: Section 5.5, Chapter 6 of *Simulation* (Second Edition), 1997, by Ross.

Course/Exam 4 for Spring 2001

The tables for Course/Exam 4 have been updated (January 24, 2001). The formulas under “B.3 The $(a, b, 1)$ class” have been removed. They will no longer be provided in the tables included with the examination.

The complete text of the revised syllabus of readings for Course/Exam 4 is available in the Students’ Corner of the CAS Web Site. Only the changes are listed below.

Estimation and Fitting of Models

REMOVED: Method of scoring in Section 2.4, Section 2.5.3, pages 111 and following in Section 2.8, Section 3.3.4 of *Loss Models: From Data to Decisions*, 1998, by Klugman, Panjer, and Willmot.

Regression, Forecasting, and Time Series

REMOVED: Chapter 7 of *Econometric Models and Economic Forecasts* (Fourth Edition), 1998, by Pindyck and Rubinfeld.

Simulation in Estimation and Fitting

REMOVED: Section 9.4 of *Simulation* (Second Edition), 1997, by Ross.

Continued on page 8

~Opinion~

Asking the Right Type of Exam Question

By Serhat Guven

After every exam, we students tend to emphasize comments or complaints about the length of the exam, the enormous amount of material, and the quality and types of questions. I would like to focus on the issue of thinking questions versus memorization questions.

A thinking question is not easily defined. The CAS Education Committee is still trying to define it. I feel that the definition would encapsulate the following ideas. They focus on comprehension rather than knowledge of facts—it is more important to demonstrate both why and how one would apply a particular approach and not just the approach itself. Why one would use a minimum bias procedure is a much more thought-provoking question than how one would use the procedure. Thinking questions focus on understanding the environment, allowing students to demonstrate why they believe an author's viewpoint is right or wrong as opposed to listing the author's reasons on why the author is right. In the latter, students are graded on only the author's reasons even if the student has better reasons or even disagrees.

Thinking questions are not the equivalent of trick questions. Trick questions typically have one or two small aspects that prevent a student from answering appropriately. For example, requiring a student to use the Riemann Sum to integrate because of a "trick" function does not show that the student understands the role of the actuary in an insurance environment.

Thinking questions are usually more ambiguous in nature. They

force students to illustrate their comprehension of the material. The creators of the exams would have to spend more time and energy developing a thinking question exam. It would also require a deeper knowledge of the material to create meaningful questions.

As an exam taker, I was initially very excited about moving away

"Thinking questions are not the equivalent of trick questions."

from rote memorization to the realm of comprehension and application. Now, however, I view this shift with a bit of trepidation. Although we complain about rote memorization and regurgitation of arcane facts, I believe that a timed exam is not the proper environment to fully display one's understanding of the material. Thinking questions by their nature force the student to use his/her comprehension of the material to develop solutions. The timed environment penalizes creative students who actually contemplate the proper application of a particular method.

Thinking questions tend to be much harder to grade because of their additional complexity and inherent ambiguity. Graders would have to recognize that there could be many different solutions to each problem. Like exam creators, the graders would need to have a deeper knowledge of the material. One would expect student appeals to increase because of numerous

alternative solutions. I realize that, as a student, I am usually not as concerned about the additional effort of the Examination Committee. It is important to realize, however, that developing and grading a thinking question exam would require more time and energy from a voluntary work force.

I emphasize that I am not advocating an exam of pure rote memorization questions or pure thinking questions. In an ideal world, the goal is to create exams that allow students to display a certain level of understanding of the material as well as a certain level of knowledge. Using a greater number of thinking questions on exams is not a realistic approach in achieving this goal.

Please feel free to respond to these thoughts by writing to *Future Fellows* or using the CAS Discussion Forum to convey your thoughts on this complicated issue.✓

Serhat Guven is an actuarial analyst at United Services Automobile Association in San Antonio, Texas. He is also a candidate representative to the Student Liaison Committee.

Exam Order

From page 3

understanding of whichever one they study last enhanced by the material learned on the other two.

There are always external factors influencing which exam to take next, such as your background, interests, and current work, but knowing the relationships between exams should make this decision easier.✓

Spotlight

From page 5

genuine dialog that exchanges points of view.

How does the actuarial profession stand out compared to other financial analyst professions in the insurance arena?

The actuary is in the heart of the business, the valuation of the risks that the company takes on. As such, the effective actuary needs to be aware of all aspects of the business. The financial analyst tends to have a narrower viewpoint that involves solely the financial health of the firm. The broader actuarial role makes the actuary more valuable to actually running the insurance business.

How has the exam process helped with your success in the industry?

It is hard for me to imagine what I have achieved today without passing the exams. In my view it is the necessary but not sufficient condition for success in the aspect of the industry that interests me. As a result of passing the exams, I had a core knowledge of the insurance business. I became very well versed in the jargon of the industry as I studied for exams. Beyond the academic topics that I mastered, I learned to think quickly on my feet. The exams are generally three or four hours but with much more material. A successful executive has to be able to quickly assess information and move on with a decision or reaction. The exams enabled me to learn how to focus on the essential elements of a problem and express my thoughts clearly and concisely. After even more than twenty years since my last exam I call on these skills daily.

How do you spend your time outside of the office?

I have spent considerable time in activities with my children and in various volunteer projects. My wife and I were actively involved in

forming the Children's Museum of San Antonio. I have worked on the board of the San Antonio Symphony and a board to help fund the Challenger Learning Center in San Antonio, a space simulator for middle school children that was founded in memory of the 1986 Challenger astronauts' educational mission. I am trying to improve my golf game, which should be easy in a warm climate, but not to much avail. I am equally unskilled in snow skiing but I enjoy trying on regular visits to the Rockies.✓

Syllabus Updates

From page 6

Format for Exams 5, 7, and 8

The CAS Examination Committee has announced that the format of each of the CAS Spring 2001 Exams (5, 7-Canada, 7-United States, and 8) will be similar to the format used for that exam in Spring 2000 regarding the general mix of true/false, multiple-choice, and essay questions—with the exception that there will be no true/false questions on Exam 5.

Exam 5

"Commercial General Liability Insurance Ratemaking for Premises and Operations" by Graves and Castillo: In the version available on the Internet before January 2001, two pages were switched. Pages 653 and 687 had been inadvertently switched in the original print version in 1990 (with incorrect page numbers). Although this had been corrected in all subsequent Study Kit versions, the Web version was taken directly from the original printing. The Web version has been corrected.

Exam 7-Canada

Guideline-Minimum Capital Test (MCT) for Property and Casualty Insurers (Canadian Council of Insurance Regulators, February

2000): Candidates are only responsible for the cited pages 1-9, 12-13, 19-22, and 24. There is no additional attachment.

Exam 7-US

The Official 2000 NAIC Annual Statement Blanks, Property and Casualty should be studied as cited in the 2001 *Syllabus*. The page numbers are correct. (The page numbers are the same as the 1999 blanks, but the 2000 blanks should be used.)

The fourth edition of *The Legal Environment of Insurance*, Volume II, by Lorimer, Perlet, Kempin, and Hodosh (1993) will be used as originally published in the 2001 *Syllabus*. Although a new version has been released, candidates must use the fourth edition as cited. When purchasing this text, please specify the fourth edition.

Exam 9

Study Kits and Updates shipped prior to February 15 included incorrect pages for the NCCI *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance*. All who were sent the Exam 9 Study Kit or Update were mailed corrected material.

CAS Web Site

"Updates to the *Syllabus*" can be found in the Students' Corner of the CAS Web Site (www.casact.org).✓

Check Your Exam Status

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

News from the CAS Regional Affiliates

CABER—Casualty Actuaries of Bermuda

CABER's fall meeting was held on December 1. President David Na and Secretary/Treasurer Jennifer Na took office at the meeting. CABER members elected Gregory Larcher as president-elect. Michael McKnight, outgoing president, announced the awarding of \$1,000 scholarships to three Bermudians for passing actuarial exams. CAS President Patrick J. Grannan attended the meeting and discussed current activities and initiatives of the CAS. For more information on CABER activities, please contact Jennifer Na at (441) 294-7334 or jna@xl.bm.

CAGNY—Casualty Actuaries of Greater New York

The CAGNY fall meeting was held on December 6 in New York City. Featured speakers discussed enterprise risk management, regulatory and legislative issues, fair value insurance accounting, the earthquake risk for the New York metropolitan area, and the state of the workers' compensation market. Thomas Struppeck presented his CAS prize-winning paper on premium earnings on long duration contracts. Edward (Ted) Wagner provided an interesting overview of the property/casualty industry's use of the Internet.

The CAGNY spring meeting is tentatively scheduled for early June. For more information, please contact Adrienne Kane, secretary/treasurer of CAGNY, at kane@chubb.com or (908) 903-3255.

CAMAR—Casualty Actuaries of the Mid-Atlantic Region

CAMAR's fall meeting was held in Baltimore on November 30. The

meeting opened with a presentation on current issues in the personal automobile line of business. Tort reform issues and the impact on the insurance industry were discussed. A presentation was made on the impact larger vehicles such as SUVs and minivans are having on the industry. A session discussing current issues in medical malpractice insurance was presented. Topics included nursing home issues, current pricing issues for hospitals, law changes that have affected the industry, and catastrophic fund issues. The education chair announced that CAMAR will offer a full slate of spring exam seminars. For Exams 5 and 7, students will have the option to attend two three-day sessions or one six-day session. CAS President Patrick J. Grannan concluded the meeting by providing an update on current CAS activities and discussing changes to the exam syllabus. Refer to the Regional Affiliates section of the CAS Web Site for details on seminars and the upcoming spring meeting to be held in Philadelphia (date to be announced). For additional information, contact Gary Shook at gary_shook@swissre.com.

CANW—Casualty Actuaries of the Northwest

The next meeting of CANW is scheduled for March 2 at the Labor & Industries Auditorium in Tumwater, Washington. At its September meeting in Cannon Beach, Oregon, then CAS President Alice Gannon spoke about education and exams, international issues, nontraditional practice areas, and the CAS election process. The following topics were also presented: mortality for disabled lives, reserving uncertainty for dummies, and liabilities related to solar storms. For details

about the next meeting, please contact Scott Alexander at (206) 775-4471 or scoale@safeco.com.

CASE—Casualty Actuaries of the Southeast

CASE members will hold their spring meeting on March 14 in Charlotte, North Carolina. For information on the session topics or for a registration form, please visit the CASE Web Site at www.casact.org/case or contact Ann Bok at Ann_Bok@ncci.com.

MAF—Midwestern Actuarial Forum

The spring MAF meeting will be held on Monday, March 19, at the Allstate campus in Northbrook, Illinois, from 9:00 until 4:00. The meetings are open to candidates. For additional information, please contact MAF President Ron Swanson at (312) 822-6785 or ron.swanson@cna.com.

MAF review seminars for Exams 3, 4, and 8 will be held at Allstate. The experienced instructors are Robert Batten (3), Steve Kellison (4), and Richard Goldfarb (8). For more information, contact Bonnie Gill at abd9m@allstate.com.

SWAF—Southwest Actuarial Forum

SWAF members met in Fort Worth, Texas, on November 30, where they heard sessions on the actuarial job market, reinsurance market trends, and the Standard of Practice on Loss Reserving (No. 36), as well as the use of multivariate analysis techniques to design a class plan. The next meeting will be held in San Antonio in the spring. For additional information, contact Kimberley Bowen at (210) 498-7202 or kimberley.bowen@usaa.com.√

Results of Fall 2000 CAS Examinations

Summary of Fall 2000 Examinations

Exam	Number of Candidates	Number of Passing Candidates	Number Below 50% of Pass Mark (Ineffective)	Effective Pass Ratio
1	2,526	857	193	36.7%
2	1,952	629	82	33.6%
3	1,466	528	121	39.3%
4	963	356	95	41.0%
6	623	189	158	40.6%
9	324	126	49	45.8%

Summary of Fall 2000 Student Examination 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>
1	9%	3.5	3.1	3.9	4.2	3.2
2	11%	3.2	2.9	3.8	4.3	2.9
3	13%	3.1	2.9	3.8	4.4	2.6
4	17%	2.7	2.8	3.4	4.3	2.5
6	20%	3.5	3.2	4.3	3.9	3.0
9	22%	3.1	3.4	4.2	4.0	3.0

Bulk Rate
U.S. Postage
PAID
SOUTHERN,
MD
Permit #968

From:
The Casualty Actuarial Society
1100 North Glebe Road, Suite 600
Arlington, Virginia 22201-4798