

Future FELLOWS



March 2004, Volume 10, No.1

Looking Ahead: New CAS Task Forces

The CAS Board created several new task forces, many of which could have a significant impact on CAS candidates through changes to the CAS examination process and membership structure. *Future Fellows* presents these task forces and will keep candidates updated on future programs.

Task Force on the ACAS Vote

Composed of CAS Fellows and Associates, this task force is investigating the advantages and disadvantages of granting ACAS voting rights. The task force is also charged with determining whether other differences between CAS Fellows and Associates should exist, including differences in dues and the right to hold officer positions. The task force will make its recommendation at the March 2004 board meeting.

Task Force on Classes of Membership

This task force is preparing recommendations as to whether there should be one or more classes of membership and the appropriate qualifications, rights, and responsibilities associated with these classes of members.

Joint CAS/SOA Task Force on Preliminary Education

This task force finalized its recommendations, including an implementation plan, for CAS and SOA educational processes for the subjects covered by current Exams 1-4, including potential areas

of joint activity. These recommendations may have a significant impact on the early exams, both with respect to content and replacing some examination material with validation by educational experience. For more information, see the article on page one of the December 2003 edition of *Future Fellows* in the "Admissions" section of the CAS Web site, www.casact.org/admissions.

Computer-Based Testing Task Force

First highlighted in the December 2003 issue of *Future Fellows*, this task force is charged with developing a recommendation and an implementation plan to introduce computer-based testing for one exam by 2005.

Modeling Workshop Task Force

This task force has issued a request for proposal (www.casact.org/members/rfp_dfa_workshop.pdf) to create and pilot a modeling workshop along the lines proposed by the Future Education Task Force. The workshop will be considered for inclusion as part of basic education.

Task Force on Study Materials

This task force is evaluating existing study materials prepared by third parties to determine if these materials meet the learning objectives of the CAS syllabus in a sound way. The task force, which is made up of educators and members of the Syllabus Committee, is directed to present a report at the March 2004 board meeting.

To share your comments with the Candidate Liaison Committee, please use the feedback button in the "Admissions" section of the CAS Web Site, www.casact.org/admissions. ff

Check Out Our New Look!

Future Fellows launches a fresh new look and format for 2004. Please let us know what you think at www.casact.org/feedback.htm.

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Spring 2004 Registration Deadline

Exams 3, 5, 7, and 8:
March 25, 2004

Exams 1, 2, and 4:
April 1, 2004

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

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Change of Center Deadline

Exams 3, 5, 7, and 8:
March 25, 2004

Exams 1, 2, and 4:
April 1, 2004

...

Refund Request Deadline

June 30, 2004

CAS Seminar on Ratemaking

March 11-12, 2004

Wyndham Franklin
Plaza Hotel
Philadelphia, PA

...

CAS Spring Meeting

May 16-19, 2004

The Broadmoor
Colorado Springs, CO

...

Seminar on Reinsurance

June 7-8, 2004

Boston Marriott
Copley Place
Boston, MA

Syllabus' update 04

Exam 3

A revised version of "Course/Exam 3 Study Note Replacing Chapter 2 Material from Loss Models" by Klugman has been posted online. Please use the fourth printing, dated December 1, 2003.

The third bullet of Learning Objective A6 has been removed from the syllabus for 2004 ["Apply assumptions about the pattern of failures between integral ages to obtain the associated (discrete) single decrement models from a discrete multiple decrement model as well as the discrete multiple decrement model that results from two or more discrete single decrement models"].

Exam 4

A revised version of "Estimation, Evaluation, and Selection of Actuarial Models" by Klugman has been posted online. Please use the third printing, dated December 1, 2003. [Available in the "Admissions" section of the CAS Web Site under Web Notes or as SOA Study Note 4-23-03.]

Exam 5

A portion of the ISO Personal Automobile Manual, Rules 1-6 (pages G-1 through G-9), will be included with the exam. This will be in addition to the ISO Personal Automobile Policy as described in the 2004 *Syllabus*.

The errata for "Quantifying the Impact of Non-Modeled Catastrophes on Homeowners Experience" by Krakowski is available under 2004 Syllabus Update in the "Admissions" section of the CAS Web Site.

An erratum for "An Introduction to Capitation and Health Care Provider Excess Insurance," by Bourdon, Passwater, and Priven is available under 2004 Syllabus Update in the "Admissions" section of the CAS Web Site.

Exam 6

An erratum has been published for Peck's discussion of Stanard's article, "A Simulation Test of Prediction Errors of Loss Reserve Estimation Techniques." The 2004 Exam 6 Web Notes have been updated accordingly.

The eighth edition of the IASA text, *Property-Casualty Insurance Accounting*, has been published and will be used as the official edition for Exam 6 in Fall 2004. The citations are the same as listed for the seventh edition: Chapters 4 (Earned and Unearned Premiums), 6 (Written Premiums), 7 (Losses and Loss Adjustment Expenses), 11 (Reinsurance Accounting), and Appendix F (Glossary of Accounting Terms).

Exam 7-Canada

The eighth edition of the IASA text, *Property-Casualty Insurance Accounting*, has been published. Due to additional material being integrated into the new edition, candidates should continue to use only the seventh edition as cited in the 2004 *Syllabus*.

Exam 7-US

The Troxel and Bouchie citation from *Property-Liability Insurance*

Accounting and Finance (pp. 216-236) is a reading for learning objective D1 in addition to learning objective B2. The eighth edition of the IASA text, *Property-Casualty Insurance Accounting*, has been published. Due to additional material being integrated into the new edition, candidates should continue to use only the seventh edition as cited in the 2004 *Syllabus*.

Exam 8

Although the sixth edition of *Investments* by Bodie, Kane, and Marcus has been released, candidates should use only the fifth edition for the Spring 2004 exam as cited in the 2004 *Syllabus*.

Exam 9

Citations for the NCCI *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* (as of March 1, 2003) and *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance* (as of July 1, 2003) are detailed in the 2004 Exam 9 Study Kit and Update.

For "An Application of Game Theory: Property Catastrophe Risk Load" by Mango, exam questions will not be drawn from Section 9. ff

CAS Regional Affiliates Corner

For current information on all Regional Affiliates, please visit the "Regional Affiliates" section of the CAS Web Site.



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Candidate Survey Follow-up

X2Y: The Challenges of Providing Upper-Level Exams Two Times a Year

By Louis P. Sugarman, Candidate Representative to the Candidate Liaison Committee

Every good idea needs a great acronym, so I propose “X2Y” to represent the top candidate priority as shown by the recent candidate online survey: upper-level CAS exams being given twice a year. The March 2003 issue of *Future Fellows* had a brief Q&A on this topic, which explained that CAS volunteer resources are not available to publish two sets of upper-level exams a year. This had not been an item on either the CAS Education Policy or Examination Committee agendas, nor is it in the CAS Centennial Goals. The reality is that X2Y is not coming to an exam site near you anytime soon. When the recent candidate online survey results are shared with the appropriate committees, however, this could become an agenda item. Let’s think ahead and ask: what would it take to achieve the goal of X2Y?

Can current exam volunteers be asked to write twice as many questions? Arlene Woodruff, Examination Committee general officer—administration and long-time member of various exam committees, reports that when partial essay exams such as the old Parts 5A and 5B were on a twice-a-year schedule, volunteers would quickly burn out. When exam production schedules were compressed into six-month cycles, volunteers would grade one exam while simultaneously preparing questions for the next. It’s not a very good practice to expect employees, let alone volunteers, to work at such a pace. This is why X2Y would require a doubling of the number of volunteers, not a doubling of the effort from current volunteers.

Some lower-level joint exam questions have been written by paid consultants for the CAS and SOA. Why not have the same consultants write upper-level exam questions? This has

not been tried in the past, partly because of the CAS emphasis on volunteerism. According to Woodruff, when this had been researched, it turned out that there are few outsiders familiar with upper-level CAS syllabus material. Lower-level math, statistics, economics, and finance questions can

X2Y would require a doubling of the number of volunteers, not a doubling of the effort from current volunteers.

be written by non-CAS consultants. But as the subject matter becomes more insurance-specific, the pool of non-CAS consultants dries right up. Even if consultants could be found, how would you or your employer feel about a significant increase in upper-level exam fees, say 25 percent?

As outlined in the article “Looking Ahead: New CAS Task Forces” in this issue of *Future Fellows*, work is underway that could very well transform the exam process. Most pertinent to X2Y is the 2005 target date for offering one lower-level exam via computer. Once the tremendous preliminary work is accomplished for this, producing additional exams each year should require a smaller incremental effort. Just as the Computer-Based Testing Task Force is beginning with a single exam, it would make sense for X2Y to begin with a single upper-level

exam. Exam 5, Ratemaking, which is taken by the most candidates each year, seems to be the obvious choice. If this issue is to get onto the Education Policy or Examination Committee agendas, however, we need to consider other ways to break X2Y down into a series of achievable goals. Please see the “Admissions” section of the CAS Web Site for an online survey related to the X2Y candidate goal.

No matter how the total volunteer time resources are allocated among various CAS goals and exams, the single greatest need is to expand the pool of volunteers. At the end of 2002, the CAS volunteer participation rate was 12 percent for Associates, 40 percent for Fellows, and 5 percent for retirees. A CAS Centennial Goal is to increase this to an ambitious 67 percent for Associates and Fellows and 50 percent for retirees. But what does this have to do with us candidates taking exams? On the CAS Web Site, go to Member Services, CAS Committee Index, 2003-2004 CAS Committee Descriptions and Time Commitments to see the description of Examination Committee work. Suppose each candidate made a commitment to serve on an exam committee for the three years after achieving Fellowship. This is, after all, our number one request to the CAS; can we back our request with a corresponding commitment? How many of us would sign our names to such a commitment? The X2Y online-survey has a spot for you to put your e-mail address; the more of us that volunteer for Examination Committee service, the more seriously X2Y will be considered by key CAS committees. ff



Future Fellows Career Profile

By Louis P. Sugarman, Candidate Representative to the Candidate Liaison Committee

Acuity Insurance writes business in eleven Midwestern states. It was named one of *Fortune Magazine's* Top 100 Companies to Work For in 2002 and had a combined ratio of 90.9 in 2003. Are there any other reasons why you might like to work for a small, regional insurer? Well, there is one—Patrick Tures, the vice president of Actuarial and Strategic Information at Acuity Insurance.

Tures studied math and business at St. Norbert College. He thought the ladder of actuarial exams looked like a solid business education and a satisfying challenge. Straight out of school, Patrick worked for Acuity (then called Heritage Insurance) for several years, before heading to Kemper Insurance in suburban Chicago. At Kemper, Patrick built a team of five or so actuaries, all of whom worked with him for five or more years. If you have had some frustration with turn-over in your department, you can imagine the depth of knowledge, variety of skills, and ca-

maraderie that such a team would enjoy.

When Tures was considering returning to Acuity Insurance, he interviewed with Ben Salzmänn, president and CEO at Acuity. Be-



Career Profile on:
Patrick N. Tures, FCAS
Vice President, Actuarial and
Strategic Information
Acuity Insurance, Sheboygan, WI

cause of Salzmänn's IT background, he had a ready understanding of many actuarial issues that allowed him and Tures to go through the numbers thoroughly and then focus on the business problems.

Tures points out that his title is not chief actuary—he is one of eleven vice-presidents in a company with about 650 employees. The vice-presidents form multiple committees; they discuss relevant issues, consider the data and their

options, and they vote on their decisions. Acuity's actuaries have a place at the decision-making table.

Day-to-day, Tures's main actuarial challenge is dealing with the growing proliferation of data and software

tools. Matching these tools to the problems at hand requires a lot of discussion and brainstorming with his team. Time, money, and staff experience are the constraints on this general management problem.

When asked about his advice for young actuaries, Tures cautions that they sometimes spend too much time adding features to a model, when they should focus on how the model is really being used.

At Acuity, Tures's biggest learning challenge has been to gain a deeper and more dynamic understanding of the entire insurance operation. It was eighteen months before he felt somewhat at home in his new role. He wants to continue to build the actuarial function into an invaluable resource at Acuity. ff

X2Y Survey Questions

Take this survey online in the "Admissions" section of the CAS Web site, www.casact.org/admissions.

1. If consultants were found to write upper-level exam questions, would you or your employer be willing to see a 25 percent increase in exam registration fees? ☐ Yes ☐ No
2. If one upper-level exam were to be offered twice a year, which one should it be?
☐ Exam 5 – Introduction to Property and Casualty Insurance and Ratemaking
☐ Exam 6 – Reserving, Insurance Accounting Principles, and Reinsurance
☐ Exam 7 – Nation-Specific: Annual Statement, Taxation, and Regulation
☐ Exam 8 – Investments and Financial Analysis
☐ Exam 9 – Advanced Ratemaking, Rate of Return, and Individual Risk Rating Plans
3. Why that exam?
4. What other intermediate steps should be considered toward the goal of all upper-level exams being offered twice a year?
5. In order to put X2Y on the CAS Education Policy and Examination Committees' agendas, would you commit to serving for three years on a CAS Examination Committee upon achieving Fellowship? ☐ Yes ☐ No
6. Will you put your name to that commitment? If so, please fill in your e-mail address. You may be contacted for a follow-up survey or discussion of this topic.

MEET YOUR CANDIDATE LIAISON COMMITTEE

Name: Christopher McKenna

Candidate Representative to the CLC:

Since December 2003

Employment: Actuarial Analyst at Sentry Insurance Company

Current Location: Stevens Point, WI

Hometown: Harrisburg, PA

Alma Mater: Penn State University

Exams Passed: 1, 2, 3, 4, 5, and 6

Volunteer Work: Nursing homes, Special Olympics, outreach to single mothers, youth group chastity education

Hobbies: Reading, theatre, philosophy, basketball, soccer, racquetball, and swimming. "I even tried skydiving once."

Would You Skydive Again?: "No. I was very glad to be on the ground."

Favorite Vacation Destination: Ireland and Rome

When I'm Not Studying, I Like To: "Spend time with my wife."

Interesting Fact About Chris: He is adopting 8-year old twin girls from Liberia ff



Behind in Studying and Tired of Takeout?

Chris McKenna's favorite study meal is chicken-'n-sour cream enchiladas. His quick recipe is as follows:

Ingredients

- 2 cans cream of chicken soup
- ½ cup sour cream
- 1 can chopped green chilies
- 2 cups grated cheddar cheese
- 2 cups chopped cooked chicken
- ½ cup chopped green onions
- tortillas

Directions

Preheat oven to 350° F. Mix all the ingredients in a bowl (except tortillas, of course). Spoon out the mixture into individual tortillas, and wrap. Leave some mixture in the bowl for later. Place tortillas side-by-side in a baking pan, leaving no space between them (think of an accordion or "slinky" before it is pulled apart). Spread the remaining mixture over the enchiladas in the pan. Put the enchiladas in the oven to bake for 20-30 minutes while you do some practice problems.

Optional: Immediately after baking, sprinkle ½ cup of cheese on top of the enchiladas.

Time-saving tip: the enchilada mix can be made in large batches and then frozen for later use. ff

CAS Candidate Liaison Committee International Candidate Questionnaire

Take this survey online in the "Admissions" section of the CAS Web site, www.casact.org/admissions.

1. In which country do you live?
2. What is your area of expertise (commercial property, personal auto, health insurance, etc.)?
3. What do you enjoy most about your job?
4. Please select the following societies for which you take exams?
 - ☐ Casualty Actuarial Society
 - ☐ Society of Actuaries
 - ☐ Other (specify)
5. a. Do the CAS exams meet your educational needs for your career goals? ☐ Yes ☐ No ☐ Uncertain
b. If no, what is missing?
6. Do you intend to practice in Canada or the United States someday? ☐ Yes ☐ No ☐ Uncertain
7. How did you learn about the CAS?
 - ☐ Work ☐ School
 - ☐ Exam Process ☐ CAS Member
 - ☐ CAS Candidate ☐ Other (specify)
8. Do you have regular contact with CAS candidates outside your country?
 - ☐ Yes, through E-mail Study Groups
 - ☐ Yes, other (specify)
 - ☐ No
9. How often do you visit the CAS Web Site?
 - ☐ This is the first time
 - ☐ 1-5 times per month
 - ☐ 6-15 times per month
 - ☐ 16 or more times per month
10. Would you be willing to share your perspective as a CAS candidate outside North America in an article in *Future Fellows*?
 - ☐ Yes. Please provide name and e-mail address
 - ☐ No

Results of Fall 2003 CAS Examinations

Summary of Fall 2003 Examinations

Exam	Number of Candidates	Number of Passing Candidates	Number Below 50% of Pass Mark (Ineffective)	Effective Pass Ratio
1	5,647	2,313	678	46.5%
2	3,356	1,314	131	40.7%
3	231	101	35	51.5%
4	1,610	823	73	53.5%
6	583	228	81	45.4%
9	338	127	32	41.5%

Summary of Fall 2003 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%	3.77	3.43	3.46	3.79	3.61
2	14%	3.06	2.57	3.48	4.41	2.70
3*	13%*	3.35	2.95	3.72	4.21	2.88
4	14%	3.66	3.48	3.43	3.63	3.54
6	30%	3.58	3.52	3.55	3.63	3.44
9	34%	3.63	3.01	4.34	3.72	3.08

* Candidates for both CAS Exam 3 and SOA Course 3 submitted responses without differentiating which exam was taken. The percent responding refers to the combined group of candidates.

Verify your exam status in the "Admissions" section of the CAS Web Site. It is important that credit for Joint CAS/SOA Exams is properly recorded.

Check Your Exam Status

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