

Future Fellows



September 2002

For the Candidates of the Casualty Actuarial Society

Volume 8, No. 3

Important Dates to Remember

Fall 2002 Registration Deadline

Exams 6 and 9: **September 19, 2002**
Joint Exams 1-4: **September 24, 2002**
There is only one deadline for each set of exams. Late registrations will not be accepted.

Change of Exam Center Deadline

Exams 6 and 9: **September 19, 2002**
Joint Exams 1-4: **September 24, 2002**

Deadline for Refund Requests

December 31, 2002

CAS Seminars and Meetings

Online Course: Financial Risk Management: The Building Blocks of Financial Risk Management

September 6-23, 2002
CAS Web Site

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Chair Recaps CAS Spring 2002 Exams

By Thomas G. Myers, Examination Committee Chairperson

Passing Score Studies

As discussed in the June 2002 issue of *Future Fellows*, the CAS piloted a new pass mark process last fall with help from education consultants The Chauncey Group International. The CAS convened an independent panel of Fellows to review each CAS exam and determine a content-based estimate of the appropriate pass score. The process was repeated for the Spring 2002 exams and has now been conducted once for Exams 5-9. In total, for three of the six CAS exams (two of the four Spring exams), the content-based estimate was relatively close to the estimate derived using the traditional CAS process and the final pass mark selected was close to the average of the two estimates. For the remaining three exams, the content-based estimate was substantially different from the traditional estimate and the final pass mark was more

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Syllabus Changes for 2003 Announced

Mary Frances Miller, CAS vice president-admissions, presented the following changes for the 2003 *Syllabus of Examinations* to the CAS Executive Council and subsequently posted them on the CAS Web Site in July 2002. Other changes that may be made are edition changes to current citations. All citations from *Foundations of Casualty Actuarial Science* will be modified to reflect the fourth edition. CAS Study Kits and Updates for 2003 will be available on December 2, 2002.

Exam 2

Delete: Kellison, S., *Theory of Interest* (Second Edition) 1991, Irwin/McGraw-Hill, Sections 3.8 and 4.8.

Add: Kellison, S., *Theory of Interest* (Second Edition) 1991, Irwin/McGraw-Hill, Section 5.7.

Exam 5

Delete: McCarthy, T.L., "Premium Trend Revisited," *Casualty Actuarial Society Forum*, Winter 2000, pp. 47-78.

Add: Jones, B.D., "An Introduction to Premium Trend," CAS Study Note, 2002.

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Student Liaison Committee:

Virginia R. Prevosto, FCAS
Chairperson

Jeremy T. Benson, FCAS

Brian K. Cox, FCAS

Christopher L. Harris, FCAS

Christopher W. Hurst, ACAS

Janet S. Katz, FCAS

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Liaison to the Student Liaison Committee:

Beth E. Fitzgerald, FCAS

CAS Manager, Admissions:

J. Thomas Downey

CAS Examinations Coordinator:

Robert L. Craver

CAS Publications Production Editor:

Elizabeth A. Smith

CAS Editorial/Production Assistant:

Megan V. Meringolo

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.

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2003 Syllabus Changes

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Exam 6

Delete: D'Arcy, S.P., "Special Issues—Data Sources," *Foundations of Casualty Actuarial Science* (Third Edition), Casualty Actuarial Society, 1996, Chapter 9, pp. 567-573.

Khury, C.K., "Loss Reserves: Performance Standards," *PCAS LXVII*, 1980, pp. 1-21; and discussion of paper: Berquist, J.R., *PCAS LXVII*, 1980, pp. 22-23.

McClenahan, C.L., "A Mathematical Model for Loss Reserve Analysis," *PCAS LXII*, 1975, pp. 134-145; and discussion of paper: Skurnick D., *PCAS LXIII*, 1976, pp. 125-127.

National Association of Insurance Commissioners, "Reinsurance," *Accounting Practices and Procedures Manual for Property/Casualty Companies*, 1994, Chapter 22.

Warthen, T.V., III; and Sommer, D.B., "Dynamic Financial Modeling—Issues and Approaches," *Casualty Actuarial Society Forum*, Spring 1996, pp. 291-328.

Add: Dynamic Financial Analysis Committee of the Casualty Actuarial Society, "Overview of Dynamic Financial Analysis," *DFA Research Handbook*, CAS Web Site (<http://www.casact.org/research/dfa/dfa/bch1.pdf>), Chapter 1.

McKnight, M.B., "Reserving for Financial Guaranty Products," *Casualty Actuarial Society Forum*, Fall 2001, pp. 256-279. (Candidates will not be responsible for the general background material found on pp. 256-269.)

Exam 7-Canada

Delete: 2001 Insurance Expense Exhibit.

Feldblum S., "The Insurance Expense Exhibit and the Allocation of Investment Income."

Insurance Services Office, Inc., *Superfund and the Insurance Issues Surrounding Abandoned Hazardous Waste Sites*.

Chamber of Commerce of the United States, *Analysis of Workers' Compensation Laws*.

Canadian Insurance Accountants Association, Professional Development Committee, Research and Legislation Committee Information Circular HR-17, *The Insurance Companies Act Reports and Filings*.

Feldblum, S., "NAIC Property/Casualty Insurance Company Risk-Based Capital Requirements."

Canadian Institute of Actuaries, "Report of the Task Force on the Future of the Canada/Québec Pension Plans."

Update: *Official NAIC Annual Statement Blanks, Property and Casualty*, 2002.

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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.

Updates to the 2002 Syllabus

Calculators

Beginning with the Fall 2002 exams, Texas Instruments BA II Plus calculator will be added to the list of acceptable calculators for all CAS examinations. The revised calculator policy may be found on the CAS Web Site at www.casact.org/students/calculators.htm.

Exam 1

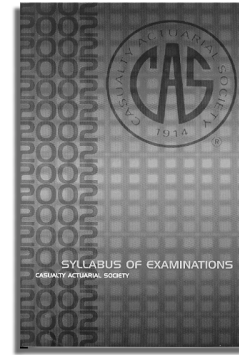
The seventh edition of the calculus book by Anton has a new name. The updated citation is: Anton, H., *Calculus, Late Transcendentals Combined Version* (Seventh Edition), 2001, John Wiley and Sons.

Exam 3

Study Note 3-23-02 by Stuart A. Klugman [available on the CAS and SOA Web Sites] replaces all of the current Course/Exam 3 material from Chapter 2 of *Loss Models* effective with the May 2002 exam. The study note covers the same

concepts as the material it replaces, but presents them more clearly and is easier to read for self-study candidates. It provides a separate treatment of the Course/Exam 3 material, illustrates how the same structure underlies both survival models and loss models, provides many examples, and contains numerous problems with worked solutions from actual examinations from the last several years. [Errata: In the solution to Exercise 19 on Page 72, in the integrals x should be raised to the k th power and in the sum x_i should also be raised to the k th power.]

Ross, S.M., *Simulation* (Third Edition), 2002, Academic Press, San Diego, Sections 3.1, 4.1-4.3, Chapter 5 (excluding 5.3 and 5.5). [Candidates may also use the Second Edition, 1997. The same chapter and section references apply.]



Exam 4

Ross, S.M., *Simulation* (Third Edition), 2002, Academic Press, San Diego, Sections 3.1, 4.1-4.3, Chapter 5 (excluding 5.3 and 5.5). [Candidates may also use the Second Edition, 1997. The same chapter and section references apply.]

Exam 9

The following citation has been deleted from the Exam 9 syllabus of readings and will not be tested on the Fall 2002 exam: Insurance Services Office, Inc., *Retrospective Rating Plan for Automobile, General Liability, Glass and Theft*. ✓

2003 Syllabus Changes

From page 2

2002 Uniform Annual Return approved by the Canadian Council of Insurance Regulators.

Canadian Council of Insurance Regulators, *Annual Statement Instructions P&C-1*.

Canadian Council of Insurance Regulators, *Explanatory Notes for the Minimum Capital Test (MCT)*.

Canadian Council of Insurance Regulators, *Guideline—Minimum Capital Test (MCT) for Property and Casualty Insurers*.

2001 Instructions for the Actuary's Report on Property and Casualty Insurance Business.

A.M. Best Canada Ltd., *Best's Key Rating & Statistical Guide*,

Property-Casualty, Canada, 2002.

Groupe des assureurs automobiles, *Risk Sharing Plan—Procedures Manual; General Description of the Plan*.

Add: Insurance Bureau of Canada, "Residential Insurance Availability."

Canadian Institute of Actuaries, "Submission to the Commission on the Future of Health Care in Canada," January 2002.

Canadian Institute of Actuaries, "The Appointed Actuary's Report for Insurance Company Published Financial Statements," June 1997.

Canadian Institute of Actuaries, "Standards of Practice for the Appointed Actuary of an Insurance Company," 1992.

Canadian Institute of Actuaries/CICA, "Joint Policy Statement."

Canadian Institute of Actuaries, "Recommendations for Property-Casualty Insurance Financial Reporting," Section 1.09, 1997.

Canadian Institute of Actuaries, "Recommendations for Property and Casualty Insurance Company Financial Reporting," 1989.

Canadian Institute of Actuaries, "Explanatory Notes to Canadian Institute of Actuaries' Recommendations for Property and Casualty Company Financial Reporting," 1993.

Canadian Institute of Actuaries, "Provision for Adverse Deviations Property and Casualty Insurance Companies," 1993.

Canadian Institute of Actuaries, "Educational Note: Discounting," 1999.

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2002 Exam Recap

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heavily based on the traditional estimate. This can essentially be viewed as a credibility weighting process where the reliability of the content-based estimate is currently unknown. The Examination Committee has been sufficiently satisfied with the initial testing of this process to recommend its continued use and hopes that this alternate estimate will prove to be reliable. More work needs to be done, however, to

understand why the content-based estimate was substantially different from the traditional estimate for three of the six exams.

Feedback from Passing Score Panels

One of the unexpected outcomes of the passing score panel process is that the Examination Committee gets feedback about the exam from an additional group of people. Unfortunately, by the time the passing score panel reviews the exam, it is not possible to make changes to the exam as it has already been printed (or

even shipped to the exam sites). But this does give the Examination Committee advance notice of potentially defective questions or questions for which alternate interpretations might need to be taken into account when grading the exams. In all cases, the panel feedback has been shared with the exam graders. The Exam 7 panel also gave considerable input about the placement of the last question on the U.S. Exam. The Exam 7 panel felt strongly that candidates would be taken by surprise and not have

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2003 Syllabus Changes

From page 3

Canadian Institute of Actuaries, "Educational Note: The Application of the Standards for the Appointed Actuary's Report to Property and Casualty Insurance Companies," 1997.

Corvett, R.W.; Tedeschi, J.L.; and Ward, K.A., "Special Issues—Data Sources," *Foundations of Casualty Actuarial Science* (Fourth Edition), Casualty Actuarial Society, 2001, Chapter 10, pp. 787-796.

Exam 7-United States

Delete: Insurance Accounting and Systems Association, *Property-Casualty Insurance Accounting* (Seventh Edition), 1998, Chapter 1 only.

O'Connell, J.; and Joost, R.H., "Giving Motorists a Choice Between Fault and No-Fault Insurance," *Virginia Law Review*, February 1986.

Update: *Official NAIC Annual Statement Blanks, Property and Casualty*, 2002.

Committee on Property and Liability Financial Reporting, American Academy of Actuaries, "Property and Casualty Practice Note, Statements of Actuarial

Opinion on P&C Loss Reserves as of December 31, 2001."

2002 Insurance Expense Exhibit.

Add: Corvett, R.W.; Tedeschi, J.L.; and Ward, K.A., "Special Issues—Data Sources," *Foundations of Casualty Actuarial Science* (Fourth Edition), Casualty Actuarial Society, 2001, Chapter 10, pp. 787-796.

A.M. Best, "Annual Review of the Excess and Surplus Lines Industry," September 2001, Sections IV and V.

Exam 8

Delete: Bodie, Z.; Kane, A.; and Marcus, A.J., *Investments* (Fifth Edition), McGraw-Hill/Irwin, 2002, Chapter 26.

Elton, E.J.; and Gruber, M.J., *Modern Portfolio Theory and Investment Analysis* (Fifth Edition), John Wiley & Sons, 1995, Chapters 4-9, 12-14, 16, and 20.

Fabozzi, F.J., *The Handbook of Fixed Income Securities* (Sixth Edition), McGraw-Hill, 2001, Chapters 2, 4-5, 8-11, 16, 44, and 45.

Hull, J.C., *Options, Futures, and Other Derivatives* (Fourth Edition), Prentice Hall, 2000, the following sections of Chapter 4: 4.14, 4.15, and Summary.

Add: Bodie, Z.; Kane, A.; and Marcus, A.J., *Investments* (Fifth

Edition), McGraw-Hill/Irwin, 2002, Chapters 6-9 (excluding 9.4, including all appendices), 10-12, 14-15, 16.1-16.2, and 25 (pp. 863-872).

Chew, D.H., *The New Corporate Finance: Where Theory Meets Practice* (Third Edition), McGraw-Hill Irwin, 2001, Chapters 29, 32, and 33.

Hull, J.C., *Options, Futures, and Other Derivatives* (Fourth Edition), Prentice Hall, 2000, Chapters 4.1-4.5, 4.8, 4.9, 5, 12.1-12.4, 12.7, and 12.8.

Exam 9

Delete: Section on Cancellation of Policy from the National Council on Compensation Insurance *Retrospective Rating Plan Manual for Workers Compensation and Employers Liability Insurance*, (Part 2, Section III).

Van Slyke, O.E., "The Cost of Capital: An Axiomatic Approach," *Actuarial Considerations Regarding Risk and Return in Property-Casualty Insurance Pricing*.

Add: Brosius, J.E., "Table M Construction," CAS Study Note.

Fisher, G.K., "Pricing Aggregates on Deductible Policies," CAS Study Note, 2002.

Skurnick, D., "The California Table L," *PCAS LXI*, 1974, pp. 124-140.✓

Results of Spring 2002 CAS Examinations

Summary of Spring 2002 Examinations

Exam	Number of Candidates	Number of Passing Candidates	Number Below 50% of Pass Mark (Ineffective)	Effective Pass Ratio
1	4,860	2,096	348	46.5%
2	2,549	949	181	40.1%
3	1,776	745	171	46.4%
4	1,272	564	90	47.7%
5	458	199	55	49.4%
7-Canada	47	19	3	43.2%
7-U.S.	442	207	30	50.2%
8	349	175	27	54.3%

Summary of Spring 2002 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	29%	3.9	3.5	3.5	3.8	3.7
2	26%	3.6	3.2	3.5	3.9	3.3
3	43%	3.4	3.1	3.7	4.0	3.1
4	34%	3.2	3.1	3.3	4.1	2.8
5	48%	3.4	2.9	3.6	3.7	3.0
7-Canada	47%	3.7	3.0	2.8	3.3	3.5
7-U.S.	47%	3.3	3.2	3.7	3.7	3.0
8	58%	3.1	2.6	4.4	3.9	2.4

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enough time left to answer this question. The CAS decided to give candidates advance warning so they would be sure to set aside enough time to do the problem. While the last question on Exam 7-U.S. was the one that generated the need for communication, the last question of the Exam 7-Canada exam also was longer than average, and the CAS opted to provide the same communication to candidates for both exams.

Exam Length

One of the trade-off decisions in constructing an exam is length versus syllabus coverage. Historically, the Examination Committee has tended to give more weight to syllabus coverage, resulting in exams that were somewhat long for the allotted time. While syllabus

coverage is important, one of the unintended consequences of this practice is to reward candidates who can answer questions quickly, which is not necessarily a skill that the CAS considers important. With the Fall 2001 Exam 6, the Examination Committee decided to take a 100-point exam draft and cut out 20 points in constructing the final exam in order to try a different balance on the length/coverage issue. While the committee received a number of complaints that this shortened exam did not provide sufficient syllabus coverage, on the whole the committee felt that this exam represented a more appropriate balance between length and coverage. As a result, the committee attempted a similar revision in the exam construction process for the Spring 2002 exams. For all four exams, the final exam was about 10 percent shorter than the initial draft exam. Each committee made different decisions about

whether to revalue the remaining questions, resulting in a different number of total points for each exam. In retrospect, the committee is comfortable with the balance decisions that were made for Exams 5, 7-U.S. and 7-Canada based on the results and candidate feedback. For Exam 8, however, candidate feedback suggests that the “shortened” exam was still too long. The Examination Committee will continue to review this issue as part of its improvement initiatives.

Question Construction

A major improvement initiative that the Examination Committee is implementing with the Chauncey Group is training CAS question writers to create good questions that focus on learning objectives rather than particular syllabus readings. The committee is piloting this initiative in constructing the Fall 2002 exams.✓

Reflections of a Candidate Representative

By Serhat Guven, ACAS

As my tenure on the Student Liaison Committee (SLC) comes to a close, it is time for me to reflect on the past three years. When I started with the committee I really did not know what to expect. Was this the place where revolutions started or was this just another link in the bureaucracy of the enigma that is the CAS? In addition to that, I joined the committee as another candidate who was completely frustrated with the exam process. So my initial attitude was that perhaps by participating in the CAS process I could help alleviate some of the pain that I (and other candidates) experience during the exam process.

One of the things I recognized during the first meetings was that the people (both the volunteers and the office staff) at the CAS were not the "evil" faceless machines whose only purpose was to ruin candidates' lives. These are hard-working people who are genuinely interested in improving not only the exam process, but enriching and enhancing what it is to be an actuary. This realization helped me alter my attitude, although I was (and still am) taking exams and sometimes frustrated with the process. Furthermore, I realized that the SLC and the CAS were very serious when it came to students' opinions and their feedback is a very important aspect

of the exam process. This led to improving the student feedback form for each exam and the creation of a Student Feedback button in the "Exams" section of the CAS Web Site.

"I had the misperception that the CAS was completely indifferent to candidates and developed policies without regard to their interests."

Another continuing and important goal of the SLC is the demystification of the exam process. During my time on the committee, I learned a lot about how the exam process works and how much effort is involved in the creation, grading, and scoring of each exam. I was (and still am) amazed at how many hours of work it takes to develop the exam process. Be that as it may, there are still many unknowns about the exams that, for a candidate, create too much mystery in an already frustrating process. To help alleviate this attitude, the SLC continuously looks for ways to properly demystify the process. In this vein, one of my proudest achievements on the committee was

the development of a policy to release the pass mark for each exam.

The SLC also works as an avenue of feedback to various issues that affect the CAS. Again, as I started on the committee I had the misperception that the CAS was completely indifferent to candidates and developed policies without regard to their interests. Was I wrong on this issue! One of the major goals of the SLC is to provide candidate feedback on CAS exam AND nonexam policies. I had the pleasure of working with the committee in gathering candidate feedback on a variety of nonexam-related policies, most notably the issue of the Quantitative Risk Analyst (QRA) designation.

Reflecting back on the past few years that I worked on the SLC, I can say that I am quite proud of the accomplishments of this committee. From demystifying the exam process to representing the candidates' voice, we have worked on many issues and implemented several policies that create a better environment for the candidates. In addition, my attitudes toward the CAS has changed dramatically. As I continue to drudge through the exams, I look forward to participating and working with the CAS to continually improve what it means to be an actuary.✓

December 2002 CAS Course on Professionalism

The CAS Course on Professionalism will be offered in Atlanta, Georgia and Las Vegas, Nevada in December 2002. At press time, exact dates and facilities had not been finalized. This information will be included in the electronic version of *Future Fellows* posted in the "Exams" section of the CAS Web Site (www.casact.org).✓

Check Your Exam Status

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

The Student Liaison Committee: How Does It Affect Me?

By Janet Katz, FCAS, Student Liaison Committee


What is the Student Liaison Committee, and what does it mean to you? The Student Liaison Committee (SLC) is made up of 10 CAS members and two CAS candidates. Our mission is to communicate with and counsel students taking CAS examinations. Our most visible form of communication is through this quarterly publication. We also have a feedback button in the "Exams" section of the CAS Web Site where we solicit comments from candidates. We are pleased that many of you have used this button and hope more will find their way there.

What kind of feedback are we looking for? Anything you feel is relevant to your relationship with the CAS and the exam process. The

SLC responds to all input we receive from candidates, which is submitted to us anonymously by the CAS Office. If appropriate, we forward comments to the relevant committee within the CAS and keep the student posted of any progress within that committee. Portions of candidate letters have been published in *Future Fellows*, since many other candidates may be experiencing similar issues. The SLC is also interested in getting candidate feedback on *Future Fellows*, especially any topics you would like to see covered in upcoming issues. We are always looking for new ideas!

The SLC has liaisons to other CAS committees, where we monitor the activity of these committees and

their impact on the candidate population. SLC members attend meetings of the Examination Committee, the Education Policy Committee, and the Syllabus Committee. An SLC member also sits on the editorial board of *The Future Actuary*, a publication that is sponsored together by the CAS and the Society of Actuaries for candidates sitting for the first four jointly administered examinations.

Most importantly, the SLC wants to hear from you. Please feel free to write us with any questions or comments you may have. Much of our success as a committee depends on the involvement of you, the CAS candidates, so let us know what you think! 

News From the CAS Regional Affiliates

CABA—Casualty Actuaries of the Bay Area

CABA hosted a successful spring meeting on June 13 in San Francisco. CAS President Robert Conger discussed current issues and activities of the CAS; David Bellusci, senior vice president and chief actuary at W.C. Insurance Rating Bureau of California, gave an update on the California workers compensation market; and Robert Philbrook of EQECAT talked about his firm's modeling on workers compensation losses related to earthquakes and post-9/11 terrorism/concentration risk modeling. On August 22, CABA scheduled a social event and the vote for next year's CABA officers. For informa-

tion contact Randy Naylor at (415) 743-7702 or Esther Becker at (415) 836-2857 or esther.becker@aig.com.

CADS—Casualty Actuaries of the Desert States

CADS will hold its fall meeting on September 10 in Scottsdale, Arizona. The program will include a brief business meeting with the election of officers and presentations by Daniel J. McCarthy, president of the American Academy of Actuaries, and Robert F. Conger, president of the Casualty Actuarial Society. For information, contact James Hall at jhall@gpwa.com.

CAFE—Casualty Actuaries of the Far East

The second meeting of CAFE of 2002 was held on July 19. It focused on continuing education activities to enable those who work in the actuarial field to become more knowledgeable about property/casualty insurance. Two presentations were scheduled: "Pricing in Taiwan" by Yin Lawn, FCAS; and "Managing Return on Equity Using Reinsurance" by Pang Chye, FIA. For information about future meetings, contact Leslie Chen at leslie.chen@fubon.com.tw.

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Regional Affiliates

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CAGNY—Casualty Actuaries of Greater New York

CAGNY will host a one-day limited attendance seminar on communications and presentation skills in September. The date was not available at press time. The Fall 2002 CAGNY Meeting will be held on November 20 in midtown Manhattan. For information, contact Stewart Gleason at sgleason@fairfaxinc.com.

CAMAR—Casualty Actuaries of the Mid-Atlantic Region

The CAMAR Spring 2002 Meeting was held in Philadelphia on June 12. A panel discussed proposed changes to the NAIC's Statement of Actuarial Opinion, including an update from the NAIC meeting that took place earlier in the week. Dan McCarthy, president of the American Academy of Actuaries, gave an update on recent Academy activities. Another panel explored the impact of the events of September 11 on the future of the insurance industry, including the impact to the reinsurance marketplace, the development of ISO terrorism exclusions, and the prospect for legislative responses from Washington.

CAMAR, in conjunction with the Insurance Society of Philadelphia, held its first Lunch and Learn on May 14 and another on July 30.

The Fall 2002 CAMAR meeting

is tentatively scheduled for December in Philadelphia. Consult the "Regional Affiliates" section of the CAS Web Site for the meeting date and details on CAMAR exam seminars. For information, contact John Forney at jforney@pnat.com.

CANW—Casualty Actuaries of the Northwest

The Fall 2002 Meeting of the Casualty Actuaries of the Northwest will be held on September 6, in Victoria, British Columbia. For details, contact Dan Perry at dan.perry@unigard.com.

CSAF—Central States Actuarial Forum

The CSAF will meet in Des Moines on September 30. Scheduled speakers are James Kunce of Employers Reinsurance Corporation; Stuart Klugman of Drake University; NAIC President Terri Vaughn, Commissioner of the Iowa Insurance Division; CAS President Robert Conger; and a CAS Long Range Planning Committee representative. For information, contact Jeremy Benson at jeremy.benson@ercgroup.com.

MAF—Midwestern Actuarial Forum

The MAF will hold its Fall 2002 Meeting in Madison, Wisconsin on September 26. Scheduled topics include workers compensation and medical malpractice updates; credit scoring regulatory issues; a discussion of CAS activities; and presentations on generalized linear models and retention modeling.

Minutes from the MAF Spring

Meeting, including electronic copies of all handouts, are available in the "Regional Affiliates" section of the CAS Web Site. The fall meeting agenda and detail about MAF exam preparation seminars are also available on the Web site. For information, contact Ted Wagner at edward.h.wagner@us.pwcglobal.com.

OCCA—Ontario Conference of Casualty Actuaries

The First Annual OCCA Golf Tournament was held at Shawneeki Golf Course in Newmarket on August 21. The OCCA Fall 2002 Meeting will be held on December 5 in Toronto. For information, contact Christopher Cooney at (905) 816-5413 or christopher.cooney@rbc.com.

SWAF—Southwest Actuarial Forum

The SWAF 2002 Spring Meeting was held on June 6 in Dallas. Sessions included presentations on the actuarial opinion, the American Academy of Actuaries, and communication skills improvement, as well as using credit for ratemaking.

The next SWAF meeting is tentatively scheduled for December 2002 in San Antonio. Details will be posted in the "Regional Affiliates" section of the CAS Web Site and e-mailed to Southwest regional actuaries. Officer elections will be held at the next meeting. If you are interested in becoming a SWAF officer, contact Susie Guven at (210) 498-2197 or susie.guven@usaa.com.√



Comic Relief

Exam Questions and Other Anecdotes

By Christopher Hurst, ACAS, Student Liaison Committee

In response to the comments from the last comic relief article (*Future Fellows*, March 2002), we've added another segment in our never-ending saga to bring laughter to the study halls of the actuarial world! Listed below are some sample exam questions we hope never to see on actual exams, and maybe an actuarial joke or two—and we know how gut-busting those can be. The majority of these anecdotes came from the CAS Discussion Forum. Enjoy. And if you know the correct answers to some of these, don't call us!

Section I

1. (6 points)
A) According to Feldblum, which of the following is the correct usage?
Workers Compensation, Workers' Compensation, or Worker's Compensation.
B) Explain why the answer you gave is correct. (An answer of "This is what Feldblum used" will not be accepted.) Also, give specific examples of why the other answers are incorrect.
2. (2 points)
According to Malecki, et al., what are the three, and only three, reasons to buy insurance?
3. (1 point)
According to Burger, et al. "Incorporating a Hurricane Model into Property Ratemaking," which of the following states is not in the southeast region? Hint: the answer is on page 11.
a) Alabama
b) Florida

- c) Georgia
d) Hawaii
e) Tennessee
4. (1 point)
What are the genders of Graves and Castillo, the authors of "Commercial General Liability Ratemaking for Premises and Operations?"
5. (1/2 point)
In the hurricane modeling paper by Burger, et al., the authors list limitations of the model. True or false?
6. How many actuaries does it take to change a light bulb?
a) How many did it take last year?
b) None, after credibility weighting, we have indications that the bulb is still lit.
c) None, the insurance department is not allowing any modifications to the bulb at this time.
d) Have any of our competitors changed bulbs yet?

Section II

7. Actuary talking: "There are three kinds of actuaries. Those that can count and those that can't."
8. Two actuaries are duck hunting. They see a duck in the air and they both shoot. The first actuary's shot is 20 feet wide to the left. The second actuary's shot is 20 feet wide to the right. The actuaries give each other high fives, because on average they shot it.

9. An actuary is walking down the corridor when he feels a twinge in his chest. Immediately, he runs to the stairwell and hurls himself down. His friend, visiting him in the hospital, asks why he did that. The actuary replies, "The chances of having a heart attack and falling down the stairs are much lower than the chances of having only a heart attack."✓

Important Dates

From page 1

Casualty Loss Reserve Seminar

September 23-24, 2002

Crystal Gateway Marriott
Arlington, Virginia

Limited Attendance Seminar on Asset Liability Management and Principles of Finance

September 24-25, 2002

Crystal Gateway Marriott
Arlington, Virginia

Limited Attendance Seminar on Reinsurance

September TBD

TBD
New York, New York

Special Interest Seminar on Catastrophe Risk Management

October 7-8, 2002

Sheraton Buckhead Hotel
Atlanta, Georgia✓

Tips on Taking Exams

By Alejandra Nolibos, FCAS, Student Liaison Committee

Future Fellows asked CAS examination graders if they had any suggestions for candidates writing exams next fall. Here is what they had to say:



- Write legibly!
- When asked to show your work, show your work! That includes mentioning you used your calculator to come up with the amortized value of a bond, for example.
- Carefully label the question you are answering.
- Box the final answer.
- Use decimal places consistently within an answer to a question.

- Be sure to identify the major steps of your solution to a numerical problem.
- Write the equation for any formula you use to maximize partial credit.
- Keep answers short and to the point.
- Note any assumptions that you are making and indicate why.

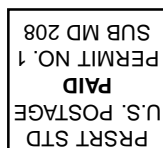


- Don't answer more than the question asks. It wastes your time and gets you absolutely no extra points. Besides, if something extra you write is actually false, it could cost you points.
- Avoid excessive cross-outs, bad

erasing, and arrows if at all possible. Remember that your answer sheets will be photocopied.

- Don't ramble on if you don't know the answer. Move on to the next question or check your answers to other questions.
- Don't waste time writing anything extraneous to the questions, such as your comments on the quality of the syllabus material or length of the exam. Channel your feedback through the Student Exam Survey or the Student Liaison Committee.

Check your copy of CAS *Syllabus of Examinations* or the CAS Web Site for more hints on taking exams.✓



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