Post Exam Summary Spring 2024

This resource is designed to provide candidates with insightful observations on candidates' exam performance, coupled with expert recommendations for improvement. The post-exam summary comprises a general summary section that applies universally to all constructed response exams, followed by individual sections for each of the exams administered during the last sitting. We will continue to expand on this format and enhance the summary in the future.

General Observations and Study Tips:

- Candidates should note that the instructions to the exam explicitly say to show all work; graders expect to see enough support on the candidate's answer sheet to follow the calculations performed. While the graders make every attempt to follow calculations that were not well-documented, lack of documentation may result in the deduction of points where the calculations cannot be followed or are not sufficiently supported. Candidates can reference "An Open Letter from a CAS Grader" for additional insights.

- Incorrect responses to one part of a question did not preclude candidates from receiving credit for correct work on subsequent parts of the question that depended upon that response.

- Candidates should be cognizant of the way an exam question is worded. They must look for key words such as "briefly" or "fully" within the problem. We refer candidates to the Future Fellows article updated June 2024 entitled "The Importance of Adverbs (In Exams)" for additional guidance on this topic.

- Some candidates provided lengthy responses to a "briefly describe" question, which does not provide extra credit and only takes up additional time during the exam.

- Candidates should be prepared for questions covering all tasks on the content outline or syllabus, including topics that may not be tested every exam sitting. Candidates have historically performed poorly on some topics that are tested less regularly (such as calculating and evaluating unallocated loss adjustment expense).

- Several candidates left an item blank because they provided the answer within the response to another item. Candidates are reminded that they must put their answers in the appropriate spot. Graders make every attempt to follow calculations but are not expected to look for responses to a particular item within the response of another item.

- Candidates should review and practice functions available in the testing environment in order to save time during the exam. Also, candidates should be aware that some Microsoft Excel shortcuts are not available in the testing environment, for example locking-in cell references with F4.

Exam 5:

- Some candidates struggled with trending, and particularly choosing the appropriate trend period.

- Some candidates on-leveled premium when on-leveling was not needed, or did not on-level premium when it was necessary.

- Candidates had difficulty correctly applying complements of credibility.

- Many candidates did not fully understand the concepts of insurance to value and coinsurance.

- Candidates had difficulty recommending appropriate reserving techniques to handle various situations, such as changes in claims practices and changing policy terms.

- Many candidates struggled applying techniques to estimate unpaid unallocated loss adjustment expense.

Exam 6C:

- Candidates should make sure to fully review the landmark court cases, and carefully pay attention and not misinterpret the question. One common error in the exam was to answer the question "how MPIC did not fulfil their duty" with "why MPIC had a duty".

- ·Some candidates failed to identify and contrast the two risk sharing pools in Alberta.

- ·A portion of candidates chose not to answer the questions relating to OSFI Corporate Governance, OSFI Supervisory Framework and OSFI ORSA. Some candidates may benefit from devoting some additional attention to this topic in their studies.

- Some candidates struggled with IFRS 17 questions related to reinsurance contracts. Specifically, candidates failed to calculate the liability of remaining coverage and answered questions related to IFRS 17 measurement approach for reinsurance contracts.

- Considering that IFRS 17 is an important topic, new sample questions will continue to be published.

Exam 6U:

- Candidates had difficulty tying best practices for regulatory review of predictive models to specifics of a given situation involving a proposed predictive model.

- Candidates struggled to describe the different forms of price optimization as well as the challenges such models may pose to regulatory review of rate filings.

- Candidates were challenged in explaining NAIC standards of accreditation for state regulators, situations in which state regulators may delay taking action, and the different types of receivership actions that regulators engage in.

- Candidates encountered issues identifying and explaining reasons for government involvement in insurance programs.

- Candidates had trouble recalling specifics about the Notes to Financial Statements including their purpose and why they are of interest to regulators.

- Candidates performed poorly constructing and interpreting the Actuarial Opinion Summary (AOS), discussing the relationship between the Statement of Actuarial Opinion (SAO) and the AOS, and in describing the disclosure requirements related to the Actuarial Report supporting the SAO.

- Candidates scored poorly on specifics of the SAO including salvage and subrogation recovery treatments, discounting, and voluntary/involuntary pools.

- Candidates had some difficulty with the nuances of rating- and experience-based Uncollectible Reinsurance Reserve calculation methods.

Exam 7:

- Many candidates had difficulty applying properly all the necessary steps of the bootstrap reserving methods.

- Many candidates confused the Variance of Hypothetical Mean (VHM) vs the Expected Value of Process Variance (EVPV) in the Brosius loss development framework.

- Many candidates confused the empirical approach vs the formula approach to calculate the premium development to loss development ratios (PDLDs) in the Teng and Perkins framework.

- Some candidates used the cumulative loss triangles provided as if they were incremental loss triangles. Additionally, some candidates wrongly provided total reserves where the unpaid claims for a specific accident year was asked. Candidates should read the questions carefully and pay particular attention to the type of information provided in the question and the type of information requested.

Exam 9:

- Candidates struggled with MBBFED distributions (Bernegger paper, section A). Candidates did particularly poorly identifying advantages and disadvantages of fitted MBBFED distributions.

- Candidates did poorly on the new Mildenhall material (section B). In particular, they had difficulty calculating risk measures.

- Candidates struggled allocating capital to line of business based on their loss distributions (Cummins CAT paper, section C).

- Candidates struggled with calculations and short answer questions associated with fitting the Frank and Gumbel copulas to an empirical LR distribution (section D).