

Future FELLOWS



December 2004, Volume 10, No. 4

Exam Changes Begin in 2005

By Dana R. Frantz

Changes to the preliminary Actuarial Exams are quickly approaching. The new exam structure will be effective in 2005 and will include the new Validation by Educational Experience (VEE) process and computer-based testing for Exam 1. Candidates should start preparing for these important changes by checking the latest news in the "Admissions" section of the CAS Web Site. The application and guidelines for approval of VEE, as well as the administrative process, have recently been posted. CAS candidates may contact universities and request that relevant courses be submitted to the VEE Administration Committee for approval. Candidates may begin to submit requests for course approval and for individual VEE credit in January 2005.

More details have also been posted about the CAS transitional exams that can be used to satisfy VEE requirements. Starting in August 2005, ninety-minute exams for

VEE-Economics, VEE-Corporate Finance, and VEE-Applied Statistical Methods will be offered. The syllabi for the three exams have been posted in the 2005 *Syllabus of Basic Education* which is available on the CAS Web Site. The CAS will offer these transitional VEE exams through 2006, at which time they will reevaluate whether there is a need to continue the transitional exams.

With all of these significant changes to the preliminary exams, there will be many practical issues that employers of actuarial candidates need to consider. These issues may include study time, exam raises, and costs of satisfying VEE credit. A discussion about these issues was recently published in the November issue of *The Actuarial Review*. Candidates are encouraged to review this article and make sure their employers are aware of the exam changes taking place and the resulting effects they could have on company study programs. [ff](#)

CAS Board Continues Discussion on Classes of Membership

Niagara Falls, Ont., Canada—The question of how many classes of membership are appropriate for the CAS was again the focus of much discussion and debate when the CAS Board of Directors met here on September 9-10, 2004.

Following up on the discussion held during the May 2004 board meeting, **Sheldon Rosenberg**, chairperson of the Task Force on Classes of Membership, attended the meeting to present an updated report to

the board. Since the previous meeting, there were several information-gathering initiatives, including the first survey of the new Member Advisory Panel.

The extensive discussion resulted in a series of board resolutions. First, the board resolved to instruct the CAS Executive Council to establish a task force to propose within the next year a set of learning objectives by

→ turn to inside 3rd panel

Dates to Remember Dates to Remember Dates to Remember Dates to Remember Dates to Remember

Refund Request Deadline

December 31, 2004

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Spring 2005 Registration Deadlines

Exams 3, 5, 7, and 8:

March 23, 2005

Exams 1, 2, and 4:

April 1, 2005

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 23, 2005

Exams 1, 2, and 4:

April 1, 2005

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Seminar on
Ratemaking
March 10-11, 2005
New Orleans Marriott
New Orleans,
Louisiana

CAS Spring Meeting
May 15-18, 2005
Pointe South Mountain
Resort
Phoenix, Arizona

Exam Construction, Pass Mark Selection, and Spring 2004 Exam 8

By Rich Yocius, Examination Committee Chair

One of the most challenging responsibilities of the Examination Committee is determining the line between those candidates who demonstrated appropriate mastery of the material being tested and those who did not. Recognizing that the fate of candidates who studied hard and put their heart and soul into the exam hangs in the balance, it is a responsibility our volunteers do not take lightly. It is also a responsibility fraught with the potential for criticism—in the end, some will argue that the pass mark was selected at too high of a level in the interest of “limiting the supply of new Fellows.” Still others will argue that the standard was too low, “diminishing the value of the designation.” For the Spring 2004 sitting, a lot of concern was raised by candidates about the higher relative score needed to pass Exam 8, when compared to prior sittings.

When the Examination Committee recommends a pass mark for a given exam, most of the focus is on the hypothetical “minimally qualified candidate”—that candidate who has demonstrated just enough mastery of the material to be deemed successful. The actual pass mark will vary from year to year, based on many variables including exam difficulty, length, syllabus changes, and points available.

When the 2004 Exam 8 was being constructed, the committee was

mindful of a number of concerns from candidates and others about previous sittings. One consistent message that came through was that the exam was far too long to be completed in the allotted four hours. Another was that the exam tested too many trivial details and not enough core concepts. In the spirit of continual improvement, we set

“When Exam 8 was being constructed, the committee...set out to create an exam that was shorter in order to give candidates the opportunity to answer more questions.”

out to create an exam that was shorter, in order to give candidates the opportunity to answer more questions and to answer each question more completely. In addition, we strived for more straightforward questions that closely tested the learning objectives. Finally, we aimed for a mix of questions that included fewer extremely difficult questions that only the top candidates would score points on in favor

of more questions giving every candidate an opportunity to, at the very least, attempt.

The committee assumed from the beginning that the changes noted above would result in higher scores from all candidates, including the hypothetical minimally qualified candidate who serves as the benchmark for selecting the ultimate pass mark. Actual results supported that assumption. In fact, all of the key indicators used to compare the current exam with prior sittings suggested that this was an easier, shorter, and more straightforward exam. These facts led the Exam 8 Part Committee to recommend a pass mark that was at a higher level relative to prior sittings. After considerable discussion and deliberation, this recommendation was approved by the exam officers and the Vice President-Admissions.

The CAS is undertaking a structured and deliberate effort to improve the examination process. As these changes affect each exam, candidates may find that exam construction, length, difficulty, and balance, as well as the selection of pass marks and the resulting pass ratios, may no longer follow historical norms. The committee recognizes that these changes will cause anxiety among candidates. We also recognize that there is still room for improvement, and are committed to doing so. **ff**

ASNA/ANÉA Hosts January Convention

“From University Student To Career Actuary: What To Expect In The Future” is the theme of the 2005 Actuarial Students’ National Association/Association Nationale Des Étudiants en Actuariat (ASNA/ANÉA) convention. It will be held in Calgary, Alberta, Canada on January 7-9, 2005. Details are available on the ASNA/ANÉA Web Site (www.anea-asna.ca).

Although ASNA/ANÉA is comprised of actuarial students from across Canada, actuarial students from all countries are invited to participate in the annual convention. **ff**

Where to Look for the Latest News

“Latest Admissions Update” is a new category in the “Admissions” section of the CAS Web Site. It contains links to announcements about changes and current initiatives related to the CAS education and examination process. Items are listed chronologically based on the posting date. **ff**

New Education Structure Implemented

As detailed over the past year, changes to preliminary education have resulted in the following the education structure for 2005:

Associateship Requirements

A. Validation by Educational Experience

- ♦ VEE–Applied Statistical Methods
- ♦ VEE–Corporate Finance
- ♦ VEE–Economics

B. Examinations

- ♦ Exam 1 Probability (same as SOA Exam P)
- ♦ Exam 2 Financial Mathematics (same as SOA Exam FM)
- ♦ Exam 3 Statistics and Actuarial Models
- ♦ Exam 4 Construction and Evaluation of Actuarial Models (same as SOA Exam C)
- ♦ 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

C. CAS Course on Professionalism

Fellowship Examinations

- ♦ Exam 8 Investments and Financial Analysis
- ♦ Exam 9 Advanced Ratemaking, Rate of Return, and Individual Risk Rating Plans

Notes on New Education Structure

Validation by Educational Experience

Beginning January 2005, candidates may submit both applications for VEE course/experience approval as well as applications for individual VEE credit. VEE courses/experiences include college courses, specified standardized examination, other educational experiences that have been approved by the Casualty Actuarial Society, Society of Actuaries, and the Canadian Institute of Actuaries, and transitional VEE Exams that will be offered through at least 2006. All approved courses/experiences will be posted on the CAS, CIA, and SOA Web sites. Candidates must have passed at least two actuarial exams before applying for individual VEE credit. Application forms will be available from the Web

sites of the three sponsoring societies. Transition rules are available in the 2005 *Syllabus of Basic Education* (see www.casact.org/admissions/syllabus/2005/graderules.htm#transition).

An article in the November 2004 issue of *The Actuarial Review* (see www.casact.org/pubs/actrev/nov04/examchanges.htm) discusses practical considerations that employers and candidates should discuss.

Exam 1 as a Computer-Based Test

Although Exam 1 will be administered in the traditional pencil-and-paper format in May 2005, it will be administered as a computer-based test (CBT) in September 2005. After candidates register for the exam, they will then make an appointment at a nearby CBT center during a “win-



dow” (a specified number of days) to sit for the exam. In the few areas where CBT is not available, other administrative options will be available.

In 2005, grades will be released in the traditional manner. Passing candidate numbers will be posted online and an official grade report will be mailed to each candidate. There will not be a November administration of Exam 1 because the next “window” for CBT will be in early 2006, when Exam 1 will be offered more than twice. **ff**

MEET YOUR CANDIDATE LIAISON COMMITTEE

Name: Anju Arora, FCAS

Member of the CLC Since: December 2003

Employment: Assistant Actuary at XL Insurance Company Limited

Current Location: Hartford, CT

Hometown: Simsbury, CT

Alma Mater: University of Connecticut

Job Description: Anju is a reserving actuary at XL supporting professional lines business written in Europe.

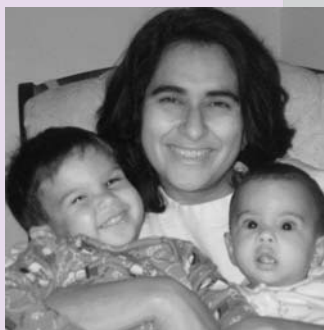
What She Likes Best About Her Job: "I am fortunate in that I work closely with the underwriting and claims departments. Another perk is the occasional travel. I have been to Dublin and am planning a trip to Paris by the end of the year. There are no plans yet to go to Bermuda, but I'm hoping."

Hobbies: Anju enjoys painting pottery and drawing with her kids. But she adds, "Honestly, I have two kids – there's no time for hobbies!"

Favorite Vacation Destination: San Francisco, California and India

Interesting Fact About Anju: She has been a profiled actuary on both Monster.com and the Hartford Courant.

Anju's Words of Wisdom: "Now that I'm finished," Anju comments regarding exams, "I realize the pot of gold at the end of the rainbow isn't just monetary, but having highly respected credentials and being able to comfortably provide for my family." 



BEHIND IN STUDYING AND TIRED OF TAKEOUT?


Although Anju doesn't study for actuarial exams anymore, she recommends a study aid of "split pea soup." Her recipe is as follows:

Ingredients:

- 2 tablespoons extra-virgin olive oil
- 1 large onion, chopped
- 1 large celery stalk with leaves, chopped
- 2 to 3 carrots, chopped
- 1 to 2 lbs ham bone (a.k.a. ham hocks or gammon knuckle)
- 2 quarts (about 2 liters) of water
- 1 package (12 or 16 oz) split peas
- 1 teaspoon dried rosemary
- 1 bay leaf
- ½ teaspoon dried thyme
- salt and pepper to taste
- 1 to 2 tablespoons lemon juice (optional)

Directions:

Wash the peas and inspect them for foreign particles (e.g., stones). Heat the oil in a large pot. Add the chopped onion, celery, and carrots and cook until soft, stirring occasionally. Add the remaining ingredients and bring to a boil. Cover the pot and simmer on low heat for 2 hours or until the peas are very tender. Remove the ham bone; cool slightly, and cut the meat from the bone into chunks. Return the meat to the soup and simmer for another half hour. Discard the bay leaf. Add salt and pepper to taste. Enjoy!

Optional: When adding salt and pepper, can also add lemon juice to taste. 

ACAS Status Debates Continue

From cover

which FCAS can be attained:


- ♦ with less material than the current exams,
- ♦ with fewer than the current nine exams,
- ♦ while meeting the requirements of the International Actuarial Association (IAA),
- ♦ while being consistent with the CAS Centennial Goal.

As part of its resolution, the board expressed its sense that this can be accomplished in eight exams (or seven exams with a workshop or seminar).

The board further resolved to inform the CAS membership of the foregoing action, with an indication that the board supports a move to an eventual single class of credentialed membership, with no more new Associates, concurrent with the movement to a shorter syllabus; and will seek membership reaction to this plan. (The then-current Associates would either complete their remaining exams and become Fellows, or

remain Associates permanently.)

The board also resolved to postpone further action on the ACAS vote, pending resolution of the classes of membership issue. Finally, the board disbanded the Classes of Membership Task Force with its thanks for the excellent work on a

difficult topic. In addition to chairperson Rosenberg, members of the task force included **Linda K. Brobeck, Joseph A. Herbers, Janet S. Katz, J. Gary LaRose, Kevin M. Madigan, Ellen K. Pierce, and Oakley E. Van Slyke.** 

Exam Vendor Links

Actex Publications/Mad River Books
www.actexamdriver.com
Exams 1, 2, 3, 4, 5, 7, 8

Actuarial Bookstore
www.actuarialbookstore.com
Exams 1, 2, 3, 4, 5, 7

Actuarial Study Manuals
www.studymanuals.com
Exams 1, 2, 3, 4

All 10, LLC
www.all10.com
Exams 5, 7, 8

Austin Actuarial Seminars
www.actuarialseminars.com
Exam 4 (and SOA Course M)

BPP Professional Education
www.bpp.com
Exams 1, 2, 3, 4

Prof. Sam Broverman
www.sambroverman.com
Exams 1, 2, 3, 4

Casualty Actuaries of the Mid-Atlantic Region
sbm.temple.edu/actscli-seminar
Exams 1, 2, 4, 5, 7, 8

Casualty Study Manuals
www.csmanuals.com/csframe.htm
Exams 1, 2, 3, 4, 5, 7, 8

New England Actuarial Seminars
www.neas-seminars.com/misc
Exam 2, 3, 4, 5, 7, 8

Midwest Actuarial Forum
www.casact.org/affiliates/maf
Exams 3, 4

G. V. Ramanathan
www.actuarialalexamprep.us
Exams 1, 3

SlideRule Books
www.sliderulebooks.com
Exams 1, 2, 3, 4, 5, 7

Dr. Krzysztof M. Ostaszewski, Illinois State University
Exams 1, 2, 3
www.math.ilstu.edu/actuary/prepcourses.html

Georgia State University, Department of Risk Management and Insurance
Exams 1, 2, 3, 4
www.actuary.gsu.edu

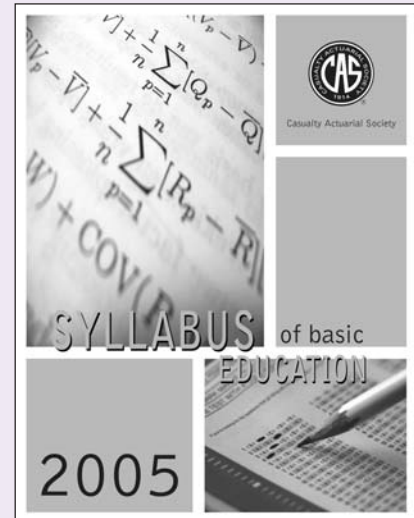
Candidates Respond to Syllabus Format

By Theresa A. Turnacioglu, FCAS, Candidate Liaison Committee

In 2004, the CAS *Syllabus of Examinations* underwent a significant format revision. Learning objectives and related knowledge statements were added to the *Syllabus* for each exam to demonstrate what a successful candidate should be able to do in practice. Exam readings were linked to specific learning objectives to help identify the purpose of the readings. Ranges of weight were also assigned to each learning objective. The Candidate Liaison Committee recently asked CAS candidates what they thought of the new format. A survey was posted on the CAS Web Site that asked for feedback from candidates who sat for the Spring 2004 CAS Exams. Survey-takers were asked to indicate, on a scale from 1-5, whether they agreed with certain statements regarding the learning objectives, knowledge statements, syllabus readings, and exam questions. Respondents were also given the chance to provide written comments.

Ninety-three exam-takers responded to the survey and the results show a wide range of opinions

on the new format. Over 60% of respondents who expressed an opinion agreed that the learning objectives clearly defined what an actuary should be able to do in practice and that the readings listed for each objective were appropriate. Close to 60% also responded that the knowledge statements helped them identify key concepts, terms and methods associated with the learning objectives. Results were evenly split on whether the learning objectives helped identify key concepts, whether the weights listed for the learning objectives were helpful, and whether the exam questions were consistent with the learning objectives. Only about 45% of survey-respondents, however, felt that the learning objectives and knowledge statements contained an appropriate level of detail. Many survey-takers provided written comments which also varied. Some respondents commented that the changes were helpful and that the new format provided a better study tool than the old format. However, others found the learning objec-



tives and knowledge statements confusing or not sufficiently detailed.

These changes to the *Syllabus* are part of the CAS effort to improve the education and examination process. To that end, the Syllabus Committee will review the feedback and will try to incorporate the suggestions wherever possible and appropriate in the 2006 *Syllabus*. It will take time for candidates to get used to the new format but through time the revised *Syllabus* format should prove to be a useful study tool. **ff**

Candidate Liaison Committee Mission

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



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For information, please contact the CAS Office. Send all letters to the editor to the CAS Office address.

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Reminders

Spring 2005 “Notice of Examinations” will be available in the “Admissions” section of the CAS Web Site in January 2005. It contains important examination information as well as updated information on review seminars and materials.

Check Your Exam Status in the “Admissions” section of the CAS Web Site (www.casact.org). It is important that credit for joint CAS/CIA/SOA Exams 1, 2, and 4 is properly recorded.

Please remember your candidate number.

Syllabus update

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Check out the “2005 Syllabus Updates” in the “Admissions” section of the CAS Web Site for the latest information.

CAS Regional Affiliates have their own section on the CAS Web Site. Check it out!

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