



Current CAS Issues and Future Directions

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Casualty Actuaries of Europe

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Agenda

- CAS Centennial Goal
- ERM Designation for the CAS
- Basic Education and Membership
- CAS Continuing Education Policy
- Your Input



CAS Centennial Goal

The CAS will be recognized **globally** as **a leading resource** in **educating** casualty actuaries and conducting **research** in **casualty actuarial science**. CAS members will advance their expertise in pricing, reserving, and capital modeling; and leverage their **skills in risk analysis** to become **recognized as experts in the evaluation of enterprise risks**, particularly for the property and casualty insurance industry.



CAS ERM Designation

CAS Board actions

- March 2009: pursue an Enterprise Risk Management (ERM) designation.
- June 2009: adopt the Global ERM Designation, CERA and authorized Global ERM Designation Treaty



What is the Global ERM Designation?

- A single global ERM designation .
- At least 10 actuarial organizations outside North America plus CAS, SOA, and CIA are expected to sign the treaty.
- Institute of Actuaries (UK), Faculty of Actuaries and Institute of Actuaries in Australia are among the major players.



Why Pursue an ERM Designation?

- A big step toward the fulfilling the CAS Centennial Goal.
- Current financial crisis illustrates the growing need for ERM and professionals trained to evaluate risk.
- Trained to evaluate risk, actuaries can assume a significant leadership role in the ERM arena.
- Provides an opportunity for CAS members in this marketplace.



Next Steps for Global ERM Designation

- CAS Admissions Committees working on the learning objectives, syllabus, and requirements for attaining the ERM designation.
- International committee to finalize the treaty
- Additional details released as soon as available.



Future Education Methods

- CAS, SOA, and CIA Presidents issued a joint letter on a proposal for future education methods (FEM)
- An accreditation process for qualifying university actuarial programs in Canada and U.S.
- Exemptions for some preliminary CAS/SOA examinations on an exam-by-exam basis
 - targeted to performance in individual actuarial courses at accredited universities.



FEM – Currently in Process

- Review of member feedback
- Creation of
 - FEM Steering Committee to provide overall direction and reports to the respective Boards.
 - Joint Accreditation Committee to develop detailed proposal for consideration by FEM Steering Committee.
- FEM Steering Committee to present recommendations to the three Boards for consideration.
- Frequently Asked Questions (FAQs) posted on the CAS Web Site



Mutual Recognition

- May 2009, the Board approved establishment of mutual recognition agreement with the Institute of Actuaries of India.
- We currently have agreements with:
 - U.K. Faculty/Institute
 - Institute of Actuaries in Australia.
- To date, 18 FCAS via mutual recognition.



Course on Professionalism

- Current courses based on practice standards in the US and Canada.
- Course based on East Asia standards currently being developed.
- The Board has approved accepting local association courses (e.g., UK Institute) for those practicing in those locales, supplemented with Internet-based module on CAS Code of Conduct.



Nation-Specific course

- **Currently two nation-specific courses –**
 - Part 7-US and
 - Part 7-Canada.

- **The Actuarial Society of Chinese Taipei along with the CAS is developing a Part 7-Taipei to be ready for 2010**

- **Three options for additional nation-specific courses:**
 - Local association develops and administers.
 - Local association develops syllabus, CAS administers.
 - CAS develops and administers.

- **No additional versions are currently in development.**



Membership Survey Recommendations

- Enhanced communications regarding the:
 - International role and goals of the CAS
 - Nomination and election process
 - Release of issues of the E-Forum
 - Sources and uses of CAS revenues
 - Role of the CAS regarding professional standards
 - Involvement of retired actuaries



Membership Survey Recommendations

- Increase focus on practical applications particularly in the areas
 - predictive modeling,
 - stochastic reserving,
 - generalized linear modeling (GLM), and
 - enterprise risk management (ERM).
- Within:
 - Publications and research
 - Meetings, seminars, and other CE opportunities



Membership Survey Recommendations

- CAS and the regional affiliates maximize their CE offerings in most cost-effective method.
 - Provide affordable and convenient education
 - Possible use of new and emerging technologies for communication.
 - Particular emphasis on teaching practical applications.



Membership Survey Recommendations

- Consider requiring members (active actuaries) to take periodic course (perhaps web-based) on ethics/professionalism.
- Continue focus on the competencies that support the traditional actuarial roles of ratemaking and reserving, such as predictive modeling and stochastic reserves.



Membership Survey Recommendations

■ International

- Assist emerging markets in the development of non-life actuarial disciplines and education
- Gain official recognition of the CAS credentials in new jurisdictions
- Encourage local practitioners in developing countries to become members of the CAS
- Send CAS leaders to participate in key meetings (GIRO, ASTIN, IAAustralia)
- Make more CAS exams available around the world.



Membership Survey Recommendations

- Continue involvement with the International Actuarial Association and strengthen communication regarding this involvement.
- Consider establishing stronger relations with both the China Actuarial Association and the International Association of Black Actuaries.
- Compare the nature of non-life actuarial training of other organizations to that of the CAS.



Membership Survey Recommendations

- Possible review of Associate member issues
 - dues,
 - opportunities for involvement, and
 - voting rights



Classes of Membership

- September 2008 Board meeting –
 - Ratified the existing classes of membership
 - maintaining both Associateship and Fellowship designations,
 - both meet and will continue to meet the educational requirement of the IAA.
 - Agreed to formally consider Associate membership rights, including but not limited to the ACAS right to vote.



Continuing Education (CE) Requirements for CAS Members

- Since Nov 2007, the Board has been investigating the issue of CE requirements for members.
- May 2009 - Board approved a motion stating that all CAS members should be subject to CE requirements, with exceptions.
- Executive Council developing an implementation plan for the policy.
 - Includes coordination with existing local requirements (Institute/Faculty in UK, Australia, CIA, etc)



Technical Excellence

Board is discussing the questions:

- Have CAS members continued to enhance their collective technical skills?
- Should every actuary be familiar with every topic tested on the current exams?
- Could CAS promote continuing technical advancement by offering specialized courses and issuing certificates?



International Environmental Scan

Excerpts from CAS March 2009 Board Meeting



What is the CAS all about?

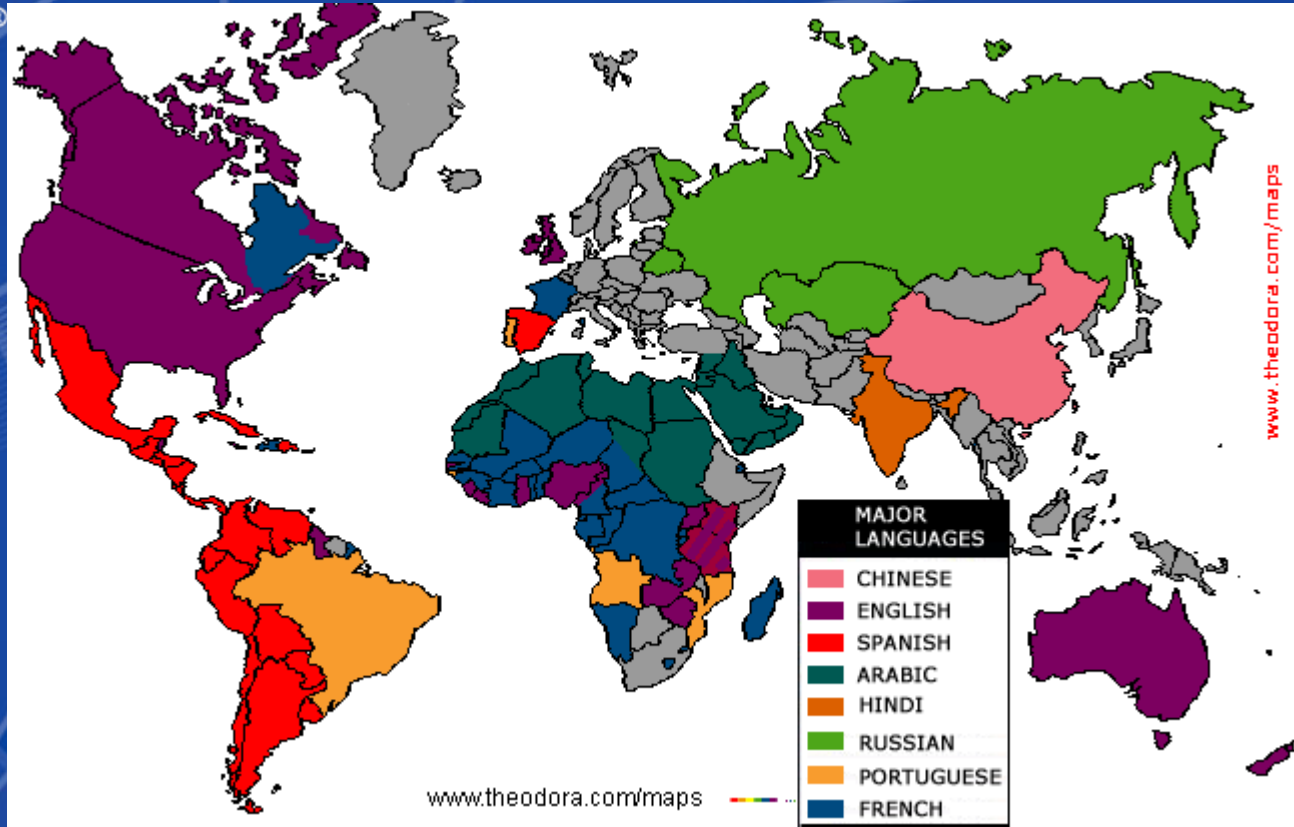
- Exam-based credentials
- English is our language of communication*

To begin, let's look at where English is widely spoken

* The sole principal exception to-date has been with regard to exams in French for Canadian exam takers.



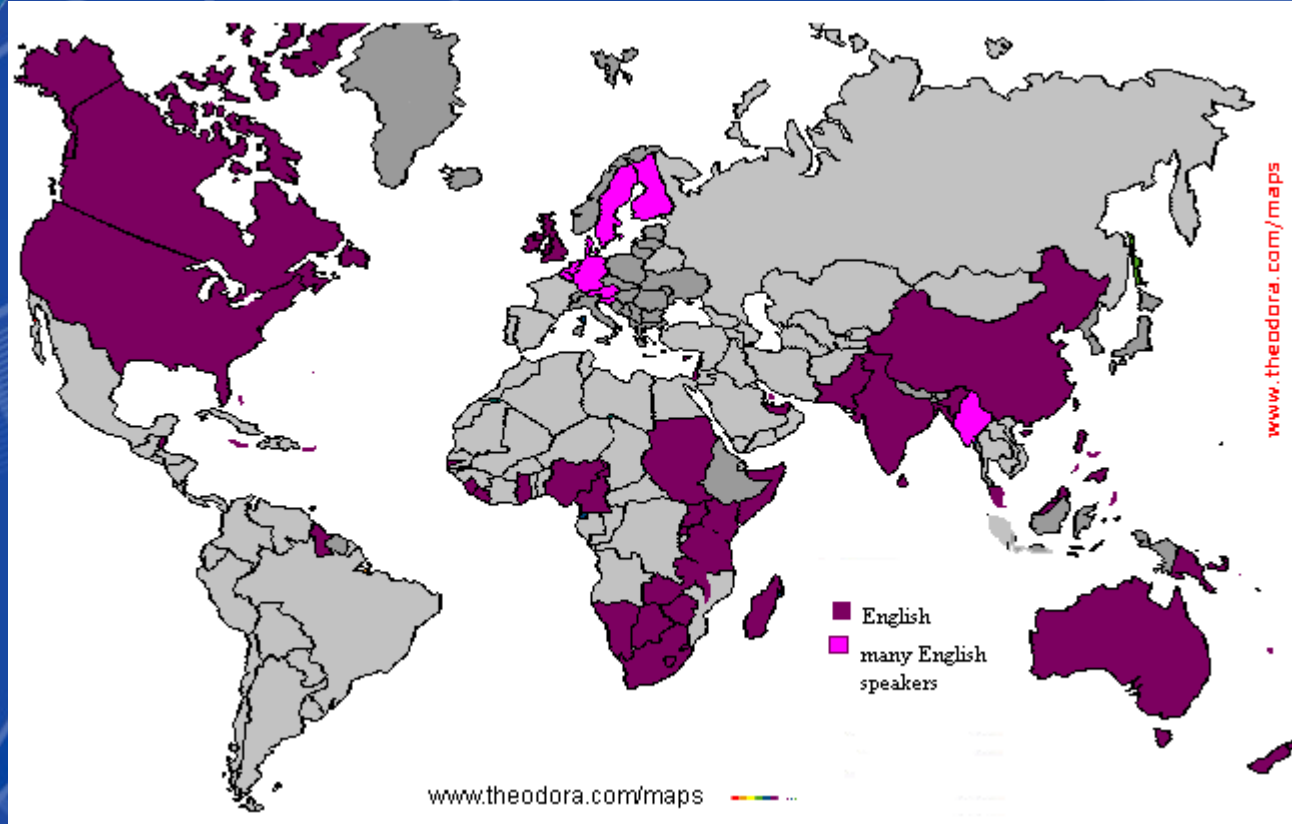
World Languages



Maps courtesy of www.theodora.com/maps, used with permission
http://www.allcountries.org/maps/world_language_maps.html



English Language usage



Dominated by British Empire borders, with frequent usage also in Europe and the Far East.



International organizations

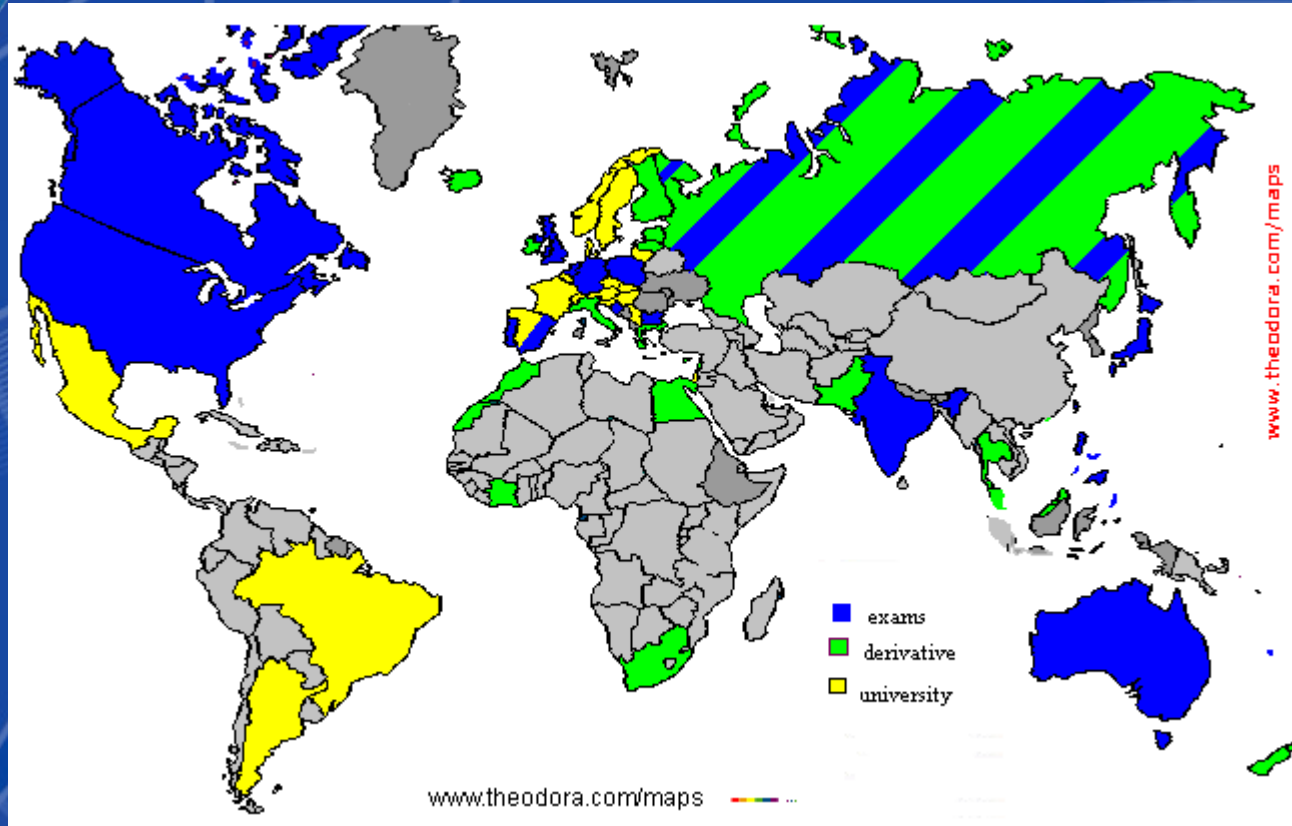
Several key (to actuaries) international organizations chose English as their principal language

- **IAA** (International Actuarial Association)
- **IAIS** (International Association of Insurance Supervisors)
- **IASB** (International Accounting Standards Board)

Not all international organizations choose a single language, but using multiple languages is expensive.



IAA Full Members – Exams vs. Univ. vs. Deriv.



English language associations mostly Exam based.

Smaller and newer associations, mostly “Derivative” credentials.



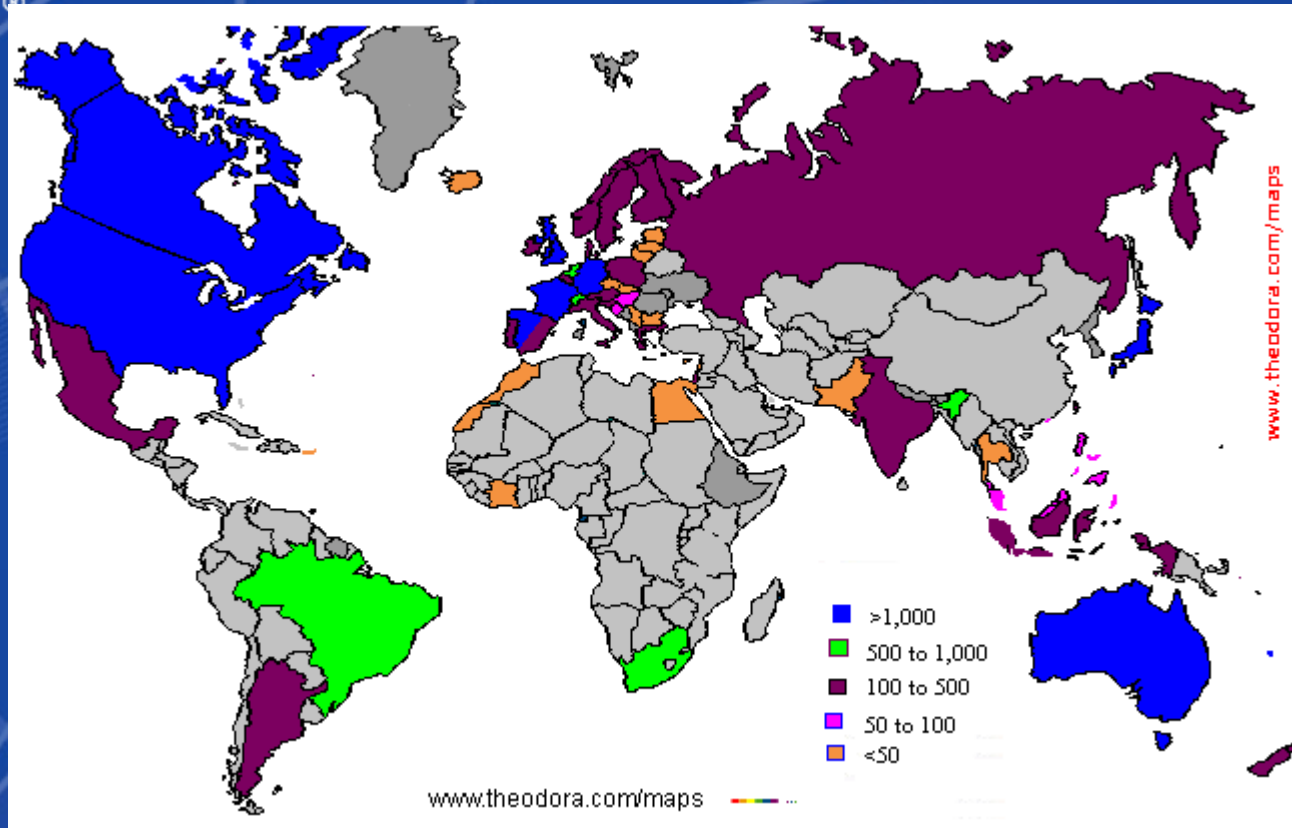
Derivative Associations

What is a “Derivative” credentialing approach?

- Example: Academy – relies on other credentialing organizations (CAS, SOA) before granting MAAA
- Sensible approach if no critical mass or infrastructure for exams, university programs.
- Allows for competing credentialing systems, without competing with the local association.
- Example: Singapore Actuarial Society – recognizes CAS, SOA, IofA(UK), IofA(Aust), FofA(Scotland), CIA



IAA Full Members – Number of members



Developing countries have smaller actuarial professions – hence less of the critical mass needed for their own credentialing.



IAA Full Members – Key stats by region

Actuarial org.

% of IAA total

	<u>Members</u>	<u>Votes</u>	<u>Org. count</u>
US-based	53%	13%	8%
Canada	5%	3%	2%
UK-based	15%	6%	3%
non-UK Europe	17%	42%	45%
Australia	2%	2%	2%
rest of world	9%	34%	40%
IAA totals	61,667	124	62



CAS Members – Location – Region (May'09)

<u>Continent</u>	<u>FCAS</u>	<u>ACAS</u>	<u>Affil.</u>	<u>Total Members</u>	<u>Upper exam candidates</u>	<u>Lower exam candidates</u>
North America	3,172	1,503	11	4,686	1,075	4,308
Europe	57	24	13	94	12	61
Asia	62	18	1	81	51	1,460
Australia	8	4	1	13	2	14
Middle East	1	2	0	3	1	19
South/Central America	1	0	1	2	0	28
<u>Africa</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>24</u>
Grand Total	3,302	1,551	27	4,880	1,141	5,914

Growing presence in Asia



CAS Members – Location – Country (May '09)

<u>Continent</u>	<u>FCAS</u>	<u>ACAS</u>	<u>Affil.</u>	<u>Total Members</u>	<u>Upper exam candidates</u>	<u>Lower exam candidates</u>
United States	2,825	1,388	7	4,220	882	3,539
Canada	267	94	0	361	172	684
Bermuda	74	21	3	98	10	26
United Kingdom	25	12	4	41	7	19
China	23	5	0	28	34	434
Switzerland	18	7	2	27	2	7
Hong Kong	19	4	0	23	9	115
Singapore	8	3	0	11	1	16
Australia	6	4	1	11	2	13
Other	37	13	10	60	22	1,061



CAS Members – Europe – Country (May '09)

<u>Continent</u>	<u>FCAS</u>	<u>ACAS</u>	<u>Affil.</u>	<u>Total Members</u>	<u>Upper exam candidates</u>	<u>Lower exam candidates</u>
United Kingdom	25	12	4	41	7	19
Switzerland	18	7	2	27	2	7
Germany	5	1	3	9	2	3
France	4	2		6	0	11
Ireland	3	2	1	6	0	0
Spain	1		1	2	0	1
Netherlands			2	2	0	2
Belgium	1			1	0	5
					1	13
Total	57	24	13	94	12	61



What is the CAS International Strategy?

- Partner with other general insurance specialists, in particular, those whose primary language is English –
Includes sharing education materials, research, strategies
- Support development of actuarial programs in other countries, but focusing on those based in English –
i.e., minimum CAS funding of translations.
- Support growth of CAS membership, but not through attempt to supplant a local association
(Importance of “Derivative” orgs and “Mutual Recognition”)
If no mutual recognition, we limit value of FCAS in local country.



What is our International Strategy? (cont.)

- Actively support international actuarial developments that cut across practice areas (e.g., ERM)
- Major CAS international decisions coordinated through the CAS International Leadership Team
(including IAA issues)



What is our International Strategy – by Region?

Europe

Rely on:

- Regional Affiliate (Casualty Actuaries of Europe)
- International Member Services Committee
(supports members here and elsewhere)

See if we can utilize local orgs' Professionalism courses

While English use is common, local actuarial orgs. are well-established.



Example of International Success

- At the request of the leaders of the emerging actuarial organization, permission to translate the new Ratemaking and Reserving learning materials has been granted to Kazakhstan, Azerbaijan and Kyrgyzstan.
- A great example of being a global resource.



CAS University

CAS is repackaging live educational sessions and provides access to these sessions online.

Accomplished by recording sessions from live events, synching the audio with the PowerPoint presentations, and providing online access through an easy-to-use interface.





CAS Journal

● *Advancing the Science of Risk*

Variance

www.VarianceJournal.org



I welcome your input regarding:

- **CAS Centennial Goal**
- **ERM Initiatives**
- **CAS Basic Education**
- **Membership Issues**
- **CAS CE Requirements**
- **International Environmental Scan**
- **Other Topics**



Thank You!