



Current CAS Issues and Directions

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CAGNY Meeting

December 7, 2005



Agenda

- CAS Centennial Goal
- ERM Initiatives
- Task Force on Actuarial Credibility
- Task Force on Publications
- Basic Education Initiatives
- Research Working Parties
- Continuing Education
- International Issues
- Your Input



CAS Centennial Goal

The CAS will be **globally** recognized as the preeminent resource in educating casualty actuaries and conducting research in casualty actuarial science. CAS members will be recognized as the leading experts in the evaluation of hazard risk and the **integration** of hazard risk with strategic, financial and operational risk.



ERM Initiatives

- During 2005, the CAS Board took actions to help the actuarial profession benefit from new opportunities in Enterprise Risk Management:
 - Approved CAS/SOA Risk Management Section.
 - Launched partnership with Enterprise Risk Management Institute International, Ltd. (ERMII).
 - Created new Vice President of Risk Integration and ERM position to oversee ERM-related activities.
 - Formed ERM Task Force to examine the CAS.



Risk Management Section

- Similar to the existing CAS special interest sections CARe and AIR.
- Both CAS and SOA members are eligible to serve on the Council that guides the activities of the Section.
- Members are encouraged to join the Section. Annual dues are only \$20.
- Learn more on the CAS Web Site → About CAS → CAS Special Interest Sections.



Other ERM Initiatives

- ERMII is a private, not-for-profit, independent educational and research organization led by CAS Fellow Shaun Wang.
- ERMII is co-sponsored by an international group of universities and professional organizations including Georgia State University, University of New South Wales, University of Illinois, Wuhan University (China), and the CAS.
- VP-Risk Integration and ERM to oversee and coordinate ERM-related activities.



Other ERM Initiatives

- CAS ERM Task Force
 - Goal: Spotlight the CAS itself as an example of ERM best practices.
 - Charge: Implement an ERM process for the CAS, report on the outcome of this effort by the September 2006 Board meeting, and prepare an article, authored by the Executive Director and the President, for placement in a magazine such as *Association Management*.



Other ERM Initiatives

- ERM Credential (SOA Initiative)
- Board response – The CAS:
 - Discourages consideration of an independent ERM credential sponsored by the actuarial profession.
 - Should focus on enhancing the role of actuaries in ERM by:
 - Providing continuing education, conducting research, promoting actuarial skills in addressing ERM issues, and exploring changes to the CAS basic education syllabus.
 - Favors a partnership with ERMII -- support ERMII in its education and research, particularly as these initiatives enhance the role of actuaries in ERM.
 - Looks forward to a continuing partnership with the SOA in enhancing opportunities for actuaries in ERM.



Task Force on Actuarial Credibility

Established to identify, prioritize, and investigate the feasibility of possible strategies for enhancing the perceived credibility of the actuarial profession and to develop action plans for implementation of those strategies considered to have the greatest potential for high impact.



Task Force on Actuarial Credibility

1. Clearly identify differences between management's "best estimate" and the actuary's "best estimate."
2. Enhance the public's understanding of actuarial best estimates and ranges, and improve methodologies for deriving ranges.
3. Require that the actuarial report contain an exhibit that summarizes changes in the actuary's estimates from one period to the next.



Task Force on Actuarial Credibility

4. Educate audit committees and board of directors on the roles and responsibilities of the appointed actuary.
5. Require the appointed actuary to provide an explanatory document with the ABCD whenever the change in the actuary's reserve estimates over a defined period exceeds certain predetermined thresholds..
6. Incorporate an Actuarial Statement within the Jurat Page of each company's Annual Statement.



Task Force on Actuarial Credibility

- Task Force Report presented to the CAS Board in May 2005. Board accepted the Report and directed the EC to implement recommendations as appropriate.
- Two additional Task Forces formed:
 - Joint Task Force for Enhancing the Reputation of Casualty Actuaries
 - CAS Task Force for Enhancing the Reputation of Casualty Actuaries



Task Force on Publications

1. Remove papers from PCAS. Keep CAS-specific content and add Yearbook content.
2. Create a new journal called the *Journal of Casualty Actuarial Science* where refereed papers will be published. The editor is Gary Dean.
3. Encourage non-CAS members to publish in the *Journal*; actively solicit articles from around the world



Task Force on Publications

5. Continue to publish the *Forum* in hardcopy if it is economically feasible.
6. Change the name to *The Forum: A Clearinghouse for Expressing Ideas and Stimulating Discussion*.
7. Create a process to publish monographs (e.g., collections of study notes, call papers of particularly high quality and focused on one topic).
8. Produce an international monograph in 2007 to commemorate the ASTIN Colloquium.



FCAS Education

- Task force established in late 2004 to recommend “Learning Objectives” for what it means to be an FCAS.
- Considerations
 - Perhaps reducing total number of exams by one (i.e., 8 exams plus VEE).
 - Including a mandatory workshop (e.g., DFA Modeling Workshop).
- Recommendations delivered to CAS Board in November 2005.



Research Working Parties

- Research task forces.
- Process should result in quality work products.
- Brings together the research energy of individual researchers.
- Proven to be effective for GIRO, the general insurance research organization of the Faculty and Institute of Actuaries (UK).



Research Working Parties

2003-04

- Correlations and Dependencies Among All Risk Sources
- Executive-Level Decision-Making Using Dynamic Risk Modeling
- Elicitation and Elucidation of Risk Preferences
- Quantifying Variability in Reserve Estimates



Research Working Parties

2004-05

- Dynamic Risk Modeling Handbook
- Public-Access DFA Model
- Bornhuetter-Ferguson - Initial Expected Losses
- Tail Factors
- Risk Transfer Testing



Continuing Education

AAA Exposure Draft recommends that the Qualification Standards apply to all “statements of actuarial opinion” defined as follows:

... an opinion expressed by an actuary based upon actuarial considerations, and intended by the actuary to be relied upon by the outside person or organization to whom the opinion is addressed. The phrase “outside” person or organization refers to persons or organizations other than the actuary’s direct employer.

A statement of actuarial opinion, although usually conveyed in writing, may also be conveyed orally.



2006 Calendar of Events

- Seminar on Ratemaking
March 13-14, Salt Lake City
- ERM Symposium
April 23-26, Chicago
- Spring Meeting
May 7-10, Puerto Rico
- Seminar on Reinsurance
June 1-2, New York City
- CLRS
September 11-12, Atlanta
- Annual Meeting
November 12-15, San Francisco



International Issues

- Mutual recognition with IAAust
- Clarification of our vision



I welcome your input regarding . . .

- CAS Centennial Goal
- ERM Initiatives
- Task Force on Actuarial Credibility
- Basic Education Initiatives
- Research and Publications
- Continuing Education
- International Issues
- What's On Your Mind?
- Questions?



Thank You!