



# Current CAS Issues and Directions

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*December 2, 2010*



# Agenda

- CAS Mission and Vision
- Global ERM Designation - CERA
- Basic Education
- CAS Continuing Education Policy
- Upcoming Events
- Your Input



# CAS Mission Statement

The purposes of the CAS are:

## **BOD approved Nov. 2010**

- to advance the body of knowledge of actuarial science applied to **general insurance**, including property, casualty and similar risk exposures;
- to expand the application of actuarial science to enterprise risks and systemic risks;
- to establish and maintain standards of qualification for membership;

## **1999 Mission Statement**

- to advance the body of knowledge of actuarial science applied to property, casualty, and similar business and financial risks
- to establish and maintain standards of qualification for membership



# CAS Mission Statement (cont.)

## **BOD approved Nov. 2010**

- to promote and maintain high standards of conduct and competence;
- to increase the awareness of actuarial science;
- and, to contribute to the well being of society as a whole.

## **1999 Mission Statement**

- to promote and maintain high standards of conduct and competence for the members, and
- to increase the awareness of actuarial science.



# CAS Vision

## **BOD approved Nov. 2010**

- Actuaries are recognized for their authoritative advice and valued comment wherever there is financial risk and uncertainty.

## **1999 Vision Statement**

- The vision of the CAS is to be the pre-eminent resource for education, knowledge, experience and applied research for those actuaries who specialize in property, casualty, and similar business and financial risks, including the field known as general insurance.



# Definition of a Casualty Actuary

## BOD approved Nov. 2010

A casualty actuary is a professional

- skilled in the analysis, evaluation and management of the financial implications of **future** contingent events
- primarily with respect to **general insurance**, including property, casualty, and similar risk exposures.
- A casualty actuary has practical knowledge of how these various risks **interact with each other** and the environment in which these risks occur.

## 1999 Definition

A casualty actuary is a professional

- skilled in the analysis, evaluation and management of the financial implications of contingent events
- primarily with respect to property, casualty, and similar business and financial risks
- and who is knowledgeable of the practical environment in which these risks occur.



# Global ERM Designation CERA



# What is the Global ERM Designation?

- An effort to recognize and promote the capabilities of actuaries globally to provide ERM services.
- A single global ERM credential for actuarial associations world-wide.
- The designation represents:
  - Stringent education requirements in ERM.
  - Strong code of professional conduct.





# Why an ERM Designation?

- The global ERM designation is a big step toward fulfilling the CAS Centennial Goal.
- The 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 to compete in this marketplace.



# Signing the Treaty

- November 2009 - the Global Enterprise Risk Management Designation Treaty was signed by 14 actuarial organizations:
  - Casualty Actuarial Society
  - Society of Actuaries
  - Canadian Institute of Actuaries
  - Actuarial organizations in Australia, Germany, France, Israel, Japan, Mexico, Netherlands, South Africa, Sweden, United Kingdom



## Next Steps for CERA

- Obtain approval by the CERA Global Association for the CAS to become an Award Signatory
- Develop basic education requirements, transition rules for existing members, and pathway for experienced practitioners.
- CERA Review Panel reviews CAS application to become an Award Signatory (currently underway).
- Upon approval, the CAS may begin awarding the CERA designation.



# Proposed CAS Paths to Obtaining CERA

- The CAS has proposed to offer two paths by which individuals may obtain the CERA.
  1. Exams, with four ways that candidates may earn CERA via exams. See August 2010 Actuarial Review for an outline of the exam path options.
  2. Experienced Practitioners Pathway (EPP) for existing leading ERM practitioners (only offered for a limited time).
- Details will be announced when CAS application is approved.



# Basic Education



# 2011 Basic Education System Associateship

- **Preliminary Exams, VEE Credits plus:**
  - **Online Course 1:** Risk Management and Insurance Operations
  - **Online Course 2:** Insurance Accounting, Coverage Analysis, Insurance Law, and Insurance Regulation

These are two-hour exams, offered in a two-month window each quarter starting in April 2010.



# 2011 Basic Education System Associateship (cont.)

- **Exam 5: Basic Techniques for Ratemaking and Estimating Claim Liabilities** (four-hour exam, offered in the spring. Half exams will be offered during a transition period to those who have credit for the other half of the material.)
- **Exam 6 (Nation-Specific: U.S., Canada, Chinese Taipei): Regulation and Financial Reporting** (four-hour exam, offered in the fall)
- **Course on Professionalism** (two-day seminar generally offered in June and December)



# Course on Professionalism

- Prerequisites to change in 2011:
  - Credit for any four actuarial exams AND credit for any four of the following five requirements: Online Course 1, Online Course 2, VEE-Applied Statistical Methods, VEE-Corporate Finance, or VEE-Economics

OR

- Credit for any five actuarial exams in the 2011 education structure, regardless of Online Courses or VEE status.





# 2011 Basic Education System Fellowship

- **Associateship plus:**
  - **Exam 7: Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management** (four-hour exam, offered in the spring)
  - **Exam 8: Advanced Ratemaking** (three-hour exam, offered in the fall)
  - **Exam 9: Financial Risk and Rate of Return** (three-hour exam, offered in the spring)

Additional information available on the CAS Web Site



# 2010-2011 Transition

4 Hours	<b>Exam 5</b>	Introduction to Property and Casualty Insurance and Ratemaking	→	Risk Management and Insurance Operations	<b>Module 1</b>	
			→	Basic Ratemaking	<b>Exam 5</b>	4 Hours
			→	Basic Reserving		
4 Hours	<b>Exam 6</b>	Reserving, Insurance Accounting Principles, Reinsurance, and Enterprise Risk Management	→	Advanced Techniques in Unpaid Claim Estimation, Insurance Company Valuation, and Enterprise Risk Management	<b>Exam 7</b>	4 Hours
4 Hours	<b>Exam 7</b>	Nation-Specific Examination	→	Insurance Accounting, Coverage Analysis, Insurance Law, and Insurance Regulation	<b>Module 2</b>	
			→	Nation-Specific Exam: Regulation and Financial Reporting	<b>Exam 6</b>	4 Hours
4 Hours	<b>Exam 8</b>	Investments and Financial Analysis	→	Financial Risk and Rate of Return	<b>Exam 9</b>	3 Hours
4 Hours	<b>Exam 9</b>	Advanced Ratemaking, Rate of Return, and Individual Risk Rating Plans	→	Advanced Ratemaking	<b>Exam 8</b>	3 Hours



# Actuarial Skill Set Discussion

All CAS members should be competent in the application of casualty actuarial techniques.

CAS Fellows should not only be able to apply such techniques, but be able to synthesize such methodology and exercise complex judgment to bring those tools to bear in developing practical solutions to business problems not necessarily encountered before. Inherent in this ability is that Fellows be able to clearly communicate this understanding and complex judgment including inherent assumptions made and limitations in the approach taken to another party.



# Continuing Education



# Continuing Education (CE) Requirements for CAS Members

May 2010 Board meeting:

- CAS Board of Directors approved the CAS Continuing Education Policy.
- Complete policy and list of frequently asked questions are available on the CAS Web Site.  
[www.casact.org/education/](http://www.casact.org/education/)



# CE Requirements for CAS Members

- How are CAS Members Affected?
  - All CAS members, regardless of geographic area, will be subject to the new policy.
  - All CAS members who perform “Actuarial Services” will have to complete the continuing education requirement.
  - Most members will continue to use the requirement of the local organization (CIA, AAA, etc.).
  - Alternative compliance provides a comprehensive framework for the rest .



# What are Actuarial Services?

- Policy uses the same definition as that found in the CAS Code of Professional Conduct.
- “Professional Services provided to a Principal by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.”



# National Compliance

- CAS members may comply with the Continuing Education Policy by following an alternative organization's continuing education requirement.
- The CAS recognizes the requirements of:
  - American Academy of Actuaries
  - Canadian Institute of Actuaries
  - Institute and Faculty of Actuaries (UK)
  - Institute of Actuaries of Australia





# Alternative Compliance

- 2 year cycle (provides flexibility)
- 30 credits average per year
  - Equal to AAA; close to average internationally
  - Minima for structured activity & professionalism
  - Maximum for general business skills
- Instructions regarding “job relevance” and other specifics shorter/simpler than AAA (or second exposure draft)



# Other Requirements (for All Members)

- Transition Rules (changing life situations)
- Special provisions for exam-taking ACAS
- Maintaining a log
- Online certification
  - Public disclosure
  - Past CE compliance bestows future qualification
- Audits (low percentage)
  - Ensure data integrity
  - Education / counseling regarding compliance



# Exemptions from CE

- Retired members
- Members not in work force (temporary / permanent)
- Working as non-actuary (not providing “actuarial services”)
- Should be a small percentage of members
- Exemption is only from CE; other provisions (attestation, audit, etc.) still hold



# CE Opportunities

- ERM Symposium, Chicago, March 13-16
- RPM Seminar, New Orleans, March 20-21
- Spring Meeting, Palm Beach, May 15-18
- Check the online Calendar of Events for details on Webinars and Limited Attendance Seminars



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# Governance



# Changes to CAS Constitution and Bylaws

- Five sets of revisions to the CAS Constitution and Bylaws approved by the Fellows in conjunction with the 2010 CAS elections.
  1. Provide for the orderly removal of an elected Officer and/or Director from office.
  2. Provide a mechanism for the membership to initiate amendments to the Constitution and Bylaws.



# Changes to CAS Constitution and Bylaws

3. Clarify that the Chief Staff Executive is an Officer of the Society, and ensure that an Officer will be designated by the Board to serve as Secretary/Treasurer.
4. Align the Constitution and Bylaws with current governance practices within the CAS regarding Board delegation to the EC.
5. Eliminate antiquated terms and redundancy from the Constitution and Bylaws.



# ACAS Rights

- The Task Force on Associates Rights was established in response to concerns raised through the 2008 Quinquennial Membership Survey.
- Nominating Committee has been expanded by 2 members and must include at least 1 Associate.
- Board has elected to present amendments to the CAS Constitution and Bylaws to allow certain Associates to vote.





# ACAS Rights

- Right to vote should be granted upon earlier of:  
Fellowship or five years after admission as a  
member.
- All voting members should be allowed to stand  
for election to the Board of Directors.



# ACAS Right to Vote

- Voting rights unchanged since 1914; reflect a time when there was a greater difference between classes.
- Associates are an important part of the Society:
  - 25-30% of Associates no longer take exams.
  - Many Associates contribute extensively to the profession as volunteers, on committees, as speakers and authors, etc.
  - Associates pay full dues, but cannot vote.



## I welcome your input regarding:

- CAS Mission Statement and Vision
- ERM Initiatives
- CAS Basic Education
- CAS CE Requirements and Professional Education Offerings
- Membership and Governance Issues
- Other Topics
- Questions?



**Thank You!**