



## Current CAS Issues and Directions

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## Agenda

- CAS Centennial Goal
- Global ERM Designation - CERA
- Basic Education
- CAS Continuing Education Policy
- Foundational Statements
- Associate Rights
- Upcoming Events
- Your Input

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## 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.

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## Global ERM Designation CERA

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### What is CERA?

- A single actuarial based ERM credential to be recognized worldwide.
- Awarded by CERA treaty signatories
- The designation requires:
  - Stringent concentrated education in ERM.
  - Education meeting the IAA syllabus for a “Fully Qualified Actuary”
  - Adherence to strong code of professional conduct.

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### Why an ERM Designation?

- Big step toward fulfilling the CAS Centennial Goal.
- The financial crisis illustrates the growing need for true professional involvement in ERM.
- Actuaries are trained to evaluate risk and have a strong reputation for integrity/professionalism - natural role for actuaries to provide leadership.
- Opportunity for CAS members to compete in this marketplace.

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## 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
- Designation will be titled “CERA”

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## Implementing the Treaty

- Governing Board set up (CAS rep is John Kollar)
- Legal Entity established (Swiss verein (sp?))
  - Credential will be owned by this Swiss verein
- Review Board set up to approve credentialing process of treaty signatories
  - Signatories are essentially franchises to offer designation
  - This review process is not a rubber stamp – it takes time to get approval.

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## Next Steps for CAS CERA

- Obtain approval for proposed Basic Education pathway for CAS-CERAs. (*review currently underway*)
- Once approval obtained, implement:
  - Process for credentialing new actuaries,
  - Process for credentialing experienced actuaries, and
  - transition rules for existing CAS/SOA CERAs.
- Then, begin awarding (CAS) CERA.

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## Proposed CAS Paths to CERA

- The CAS proposes to offer 2 paths to CERA.
  1. Exams, with four optional ways. *See August 2010 Actuarial Review.*
  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.

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## Basic Education

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## 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 computer-based exams, offered in a two-month window each quarter. Designed to test familiarity, not in-depth expertise.

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## 2011 Basic Education System Associateship (cont.)

- Exam 5: Basic Techniques for Ratemaking and Estimating Claim Liabilities (4 hr spring exam. Half exams will be offered during a transition period to those with partial credit.)
- Exam 6 - (Nation-Specific: U.S., Canada or Taipei): Regulation and Financial Reporting (4 hr fall exam)
- Course on Professionalism (two-day seminar generally offered in June and December)

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## Course on Professionalism

- Prerequisites to change in 2011:  
Credit for any **four** actuarial exams AND credit for any 4 of the following requirements:
  1. Online Course 1,
  2. Online Course 2,
  3. VEE-Applied Statistical Methods,
  4. VEE-Corporate Finance, or
  5. VEE-Economics
- OR
- Credit for any **five** actuarial exams in the 2011 education structure

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## 2011 Basic Education System Fellowship

- Associateship plus:
  - Exam 7: Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management (4 hour spring exam.)
  - Exam 8: Advanced Ratemaking (3 hour fall exam)
  - Exam 9: Financial Risk and Rate of Return (3 hour spring exam)

Additional information available on the CAS Web Site

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## Continuing Education

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### 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/)

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### CE Requirements for CAS Members

- How are CAS Members Affected?
  - All CAS members subject to the new policy, regardless of geographic area.
  - All CAS members who perform "Actuarial Services" must obtain some form of continuing education (CE), maintain a log, and certify annually.
  - Most members will follow their local organization's C.E. requirement (CIA, AAA, etc.).
  - Alternative compliance provides a comprehensive framework for the rest.

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## 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.”*

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## National Compliance

- Compliance with pre-approved national organization CE requirements satisfies the CAS CE requirement.
- Currently approved by the CAS :
  - American Academy of Actuaries
  - Canadian Institute of Actuaries
  - Institute of Actuaries and Faculty of Actuaries (UK)
  - Institute of Actuaries of Australia

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## Alternative Compliance

- CAS members subject to an exemption from national requirements can elect
  - to comply with those national requirements anyway.
  - Alternative Compliance under the CAS policy.
- Members in geographic regions not served by a pre-approved national body CE requirement must elect Alternative Compliance.

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## Alternative Compliance Provisions (Hours)

- 2 year cycle (provides flexibility)
- 30 credits average per year (equal to AAA; close to the average internationally)
- Sublimits for:
  - Structured activity (minimum)
  - Professionalism (minimum)
  - General business skills (maximum)

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## Alternative Compliance Provisions (Types of CE)

- “Structured activity” – broader than AAA definition
  - Recorded activities may be viewed
  - Outside actuaries not required
  - Otherwise similar to AAA “organized activity”
- 15 credits average required per year (30 per cycle)
- Instructions regarding “job relevance” and other specifics shorter/simpler than AAA (or second exposure draft)

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## Provisions & 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

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## 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; attestation provisions still apply

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## CAS Foundational Statements

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## CAS Foundational Statements

- Much overlap between U.S. ASOPs and Statements of Principles – *Considerations sections*.
- Current Reserving principles statement is out-of-date.
- Many years of committee discussion and development
- Exposure Draft released by CAS Board on August 25, 2010.

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## CAS Foundational Statements

- Goal – eventually replace outdated current CAS principles statement(s).
- Acknowledge that while ASB ASOPs apply only to US actuaries, CAS Principles apply to all CAS members everywhere.
- Comment period open until 12/1/2010

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## CAS Associate Rights

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## Associate Rights

- Associate rights unchanged since CAS founding in 1914. (Unclear if current ACASs match original ACAS vision)
- 25-30% of those who obtain ACAS never become fellows.
- Issue of ACAS rights raised during 2008 quinquennial survey
- CAS Board approved bringing Associate Rights to a vote next summer
- Issues include right to vote in elections, by-laws votes, run for Board.

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## Future Events

- In Focus: Government in Insurance, Boston, October 4-5
- CAS Annual Meeting, Washington, D.C., November 7-10
- ERM Symposium, Chicago, March 13-16
- Check the online Calendar of Events for details on Webinars and Limited Attendance Seminars

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## University of CAS



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.

Qualifies as “structured activity”.

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## CAS Journal



[www.VarianceJournal.org](http://www.VarianceJournal.org)

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I welcome your input regarding:

- CAS Centennial Goal
- ERM Initiatives
- CAS Basic & Continuing Education
- Foundational Statements
- Membership Issues (including Associate Rights issues)
- Other Topics
- Questions?

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**Thank You!**

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