

## Current CAS Issues and Directions

*Brian Z. Brown  
MAF Spring 2010 Meeting  
March 23, 2010*

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## Agenda

- Response to CAS Membership Survey
- CAS Centennial Goal
- Global ERM Designation - CERA
- Basic Education
- CAS Continuing Education Policy
- Upcoming Events
- Your Input

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## CAS Membership Survey

### What You Told Us and How the CAS is Responding

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## Membership Survey Recommendations

- That CAS enhance its communications on:
  - 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 in professional standards
  - Opportunities for involvement for retired actuaries
- Response: The Task Force on Improving Communications within the CAS formed to address these gaps.

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## Membership Survey Recommendations

- That the CAS increase its focus on practical applications particularly in the areas of predictive modeling, stochastic reserving, generalized linear modeling (GLM), and enterprise risk management (ERM).
- Applies to CAS activities in the areas of publications, research, continuing education.
- Response: Vice Presidents overseeing these areas have been charged with following through.

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## Membership Survey Recommendations

- That both the CAS and the regional affiliates seek opportunities to maximize their CE offerings in the most cost-effective method possible.
  - Goal is to provide affordable and convenient education
  - Might include the use of new and emerging technologies for communication.
  - There should be a particular emphasis on teaching practical applications.

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## Membership Survey Recommendations

Response:

- University of CAS provides a cost-effective means for CAS members to obtain CE.
- Increase the number of courses offered through webinars.
- Communicate these offerings to members through the weekly e-newsletter and CAS Web Site.

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## Membership Survey Recommendations

- Internationally, the CAS should explore the feasibility of:
  - Assisting emerging markets in the development of non-life actuarial disciplines and education
  - Working to gain official recognition of the CAS credential in new jurisdictions
  - Developing a plan to encourage local practitioners in developing countries to become members of the CAS
  - Sending CAS leaders to participate in key meetings in these countries
  - Making more CAS exam sites available around the world.
- Response: Assigned to International Leadership Team

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## Membership Survey Recommendations

- No specific recommendation on Associate issues, but the Survey Task Force noted that there continues to be discontent among some Associates with respect to dues, opportunities for involvement, and voting rights.
- Response: Task Force on Associates Rights formed to address the issues.

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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 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.

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## 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.

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## ERM Designation for CAS

Recent Board Actions:

- March 2009: The CAS should pursue an Enterprise Risk Management (ERM) designation.
- June 2009: CAS Board approved the recommendation to adopt the Global ERM Designation, CERA.
- CAS Board authorized the CAS President to sign the Global ERM Designation Treaty establishing the credential.

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## Signing the Treaty

- On November 13, in conjunction with the IAA Meetings in India, 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

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## Next Steps for CERA

- CAS goal is to begin awarding the CERA designation in 2010.
- CAS is developing:
  - Basic education requirements
  - Transition rules for existing members
  - Pathway for experienced practitioners
- Details and FAQ available on CAS Web Site

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## Basic Education

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## Future Education Methods

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

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## FEM – Current Activity

- Survey of the CAS Member Advisory Panel and sample of candidate population to gather additional views on the issue.
- FEM will be discussed again by the CAS Board during the March 22-23 Board meeting.

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## 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.

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## Nation-Specific Exams

- Currently two nation-specific courses: Part 7-US and Part 7-Canada.
- The Actuarial Institute of Chinese Taipei has proposed developing a Part 7-Taipei
  - The CAS has approved in principle.
  - Details are being developed.
- No additional versions are currently in development.

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## Continuing Education

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### 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 meeting:

- The Board approved a motion stating that **all CAS members** should be subject to CE requirements, with exceptions.
- The Board charged the Executive Council with development of an implementation plan for the policy.

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### Continuing Education (CE) Requirements for CAS Members

November 2009 Board meeting:

- The Board authorized release of the second exposure draft of a CAS Continuing Education Policy.
- Comments were invited through January 15, 2010.

March 2010 Board meeting:

- Board may vote to adopt the proposed CAS Continuing Education Policy effective January 1, 2011.

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## Why a CAS CE Policy?

CAS Code of Professional Conduct states:

- PRECEPT 2. An Actuary shall perform Actuarial Services only when the Actuary is qualified to do so on the basis of basic and continuing education and experience and only when the Actuary satisfies applicable qualification standards.
  - ANNOTATION 2-1. It is the professional responsibility of an Actuary to observe applicable qualification standards that have been promulgated by a Recognized Actuarial Organization for the jurisdictions in which the Actuary renders Actuarial Services and to keep current regarding changes in these standards.

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## How are CAS Members Affected?

- All CAS members are subject to the Continuing Education Policy.
- All CAS members who perform “Actuarial Services” are subject to the continuing education requirement.

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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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## Alternative Compliance

- CAS members may comply with the Continuing Education Policy through Alternative Compliance, i.e., following an alternative organization's continuing education requirement.
- The CAS recognizes the requirements of:
  - 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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## Timeline

- January 15, 2010 – Deadline for comments on the Exposure Draft.
- March 2010 – Board may formally adopt Policy.
- January 1, 2011 – Effective date of policy, to be applicable to Actuarial Services rendered on or after January 1, 2012.

**Read the FAQ on the CAS Web Site for more information.**

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## Future Events

- ERM Symposium, Chicago, April 12-14
- Seminar on Reinsurance, New York, May 6-7
- CAS Spring Meeting, San Diego, May 23-26
- Casualty Loss Reserve Seminar, Orlando, September 20-21
- CAS Annual Meeting, Washington, D.C., November 7-10
- 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.

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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 Education
- Membership Issues
- CAS CE Requirements and Professional Education Offerings
- Other Topics
- Questions?

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