



Current CAS Issues and Directions

*CAS Spring Meeting
May 18, 2011*



Agenda

- CAS Vision and Purpose
- Education: Actuarial Skill Set
- CERA Update
- Bylaws proposals
 - Associate Rights
 - Joint Discipline
- International
- Foundational Statements



CAS Vision (As approved by the Board, Nov. 2010)

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



CAS Mission Statement (As approved by the Board, Nov. 2010)

The purposes of the Casualty Actuarial Society are:

- 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;
- 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.



Definition of a Casualty Actuary (As approved by the Board, 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.



Education



Actuarial Skill Set

Board resolution at November 2011 meeting:

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.



Actuarial Skill Set: A Question of Balance

- Technical Competence
 - Ability to apply casualty actuarial techniques
 - Synthesis skills
 - Critical thinking/informed judgment
- Ability to communicate effectively
 - Relevance: A business perspective
 - Articulate judgments, assumptions, limitations
 - Audience may vary – Sr. Management vs. Peers



Actuarial Skill Set: A Question of Balance

- Immediate Impact:
 - Testing higher order thinking on the exams (Bloom's Taxonomy)
- Longer term impact:
 - TBD – feedback welcome
 - Basic Education vs. Continuing Education



Continuing Education

- CAS Continuing Education Policy approved May 2010
- C. E. required for all members who provide actuarial services, either through:
 - Compliance with national standards (including Academy, CIA)
 - Compliance with Alternative Standards
- All FCAS and ACAS members are required to:
 - Certify compliance annually;
 - Maintain log of continuing education activities;
 - If selected for audit, supply log to CAS on a timely basis.



CERA Update



The Global CERA Treaty

- November 2009 – 14 actuarial organizations, including the CAS, sign the the Global Enterprise Risk Management Designation Treaty. *(now 13 due to UK merger)*
- Objectives for the Global ERM Designation (CERA):
 - Recognize and promote the capabilities of actuaries globally to provide ERM services.
 - Stringent ERM education requirements
 - Strong code of professional conduct.



CAS CERA Status

- Treaty signatories need to apply for permission to award CERA.
- CAS application to award CERA being reviewed by a panel, to ensure compliance with treaty.
- Our pending application has two paths by which members might qualify for the CERA designation:
 - Examination (see August 2010 Actuarial Review)
 - Experienced Practitioner Pathway (transitional)



Bylaws proposal – ACAS rights



ACAS Rights

- Associates are an important part of the CAS:
 - 25-30% of Associates no longer take exams.
 - Many Associates contribute extensively to the profession as volunteers, on committees (with some as committee chairs), as speakers and authors, etc.
 - Associates pay full dues, but cannot vote.
- Feedback from the 2008 Membership Survey identified Associate Rights as an issue.
- Task Force on Associate Rights was formed as a result. The TF presented its report in September 2010.



Board Response to ACAS Rights Task Force Report

- Nominating Committee has been expanded by 2 members, with at least one ACAS on the committee.
- Proposed amendments to the bylaws to be voted on this summer. *(These are two separate votes.)*
 - Allow ACAS to vote after 5 years
 - If above passes, allow voting ACAS to be on the Board.
- CAS Executive Committee will still be restricted to only those with FCAS designation.



ACAS Voting Rights history

- A similar vote occurred several years ago, but issue was muddled by discussion of possibly elimination of the ACAS membership category.
- CAS Board has now committed to retaining the ACAS designation.
- SOA has a similar history regarding Associate voting rights. They now allow an ASA to vote in officer and Board elections.
- Some societies have more restrictions on associates, but also lower dues for associates.



Bylaws proposal – Joint Discipline



Joint Discipline

- Council on US Presidents has worked on a proposal that would streamline our discipline process;
- Proposed streamlined process:
 - Is more efficient for both the professional organizations and the subject of the complaint (“the 2n+1 problem”)
 - Minimizes the reputation risk for the profession from different discipline decisions from different US-based actuarial organizations for the same incident
 - Retains CAS member control over CAS member discipline.

(US-based actuarial orgs – CAS, SOA, Academy, CCA, ASPPA)



Joint Discipline (cont.)

- Proposal:
- Joint Discipline Panel created to hear recommendation of investigatory body (CIA for Canadian practice, ABCD otherwise).
 - Panel has a majority of members consistent with Subject Actuary’s membership
 - Example: if Subject Actuary is FCAS, MAAA, and seven on the panel, then
 - At least 4 of the 7 are Academy members,
 - At least 4 of the 7 are CAS members.
 - Panel needs supermajority (all but one) for a discipline decision.




Joint Discipline (cont.)

- Proposal (cont):
- If panel decision is 2 years suspension or lower, then decision implemented by all relevant orgs. (Academy and CAS in prior example.)
 - If panel decision is more than 2 years suspension, then each org. decides separately whether to affirm penalty or reduce to a suspension of not less than 2 years.
 - For CAS, this likely to be done by a CAS Discipline Committee.
 - Requires bylaws change of some sort. Details TBD. Vote this summer.



International



How International Should the CAS Be?

- In conjunction with the CAS Strategic Planning Process, the Board is exploring what the scope and objectives for CAS international activities should be
- There are three general purposes for CAS international activities:
 - Global Citizen;
 - Partnering in Research and Education;
 - Member Support outside North America



International: Board Direction

- The Board adopted the following guiding principles for International at its March 2011 meeting:
 - The CAS will **utilize an International Cooperation Model** to support the mission to advance the body of knowledge of actuarial science applied to property, casualty, and similar business and financial risks.
 - In a measured way, the CAS will **promote membership in the CAS internationally**. In home locations of actuarial organizations providing casualty actuarial education (e.g. UK, Australia), mutual recognition and/or CAS Affiliate Membership will be promoted.



International Direction (cont.)

- For the ultimate benefit of CAS members, the CAS should promote casualty actuarial expertise worldwide.
- CAS members and students should receive a level of service commensurate with dues paid, irrespective of where they physically reside.



Foundational Statements



Foundational Statements

March 2011 Board decisions:

- Discontinue development of the Foundational Statements.
- Disband current Task Force with thanks.
- Form new Task Force (with 4 Board members) to
 - review the sections of the current Statements of Principles that need to be updated, and
 - revise the Statements accordingly so they are no longer outdated or in conflict with existing Standards of Practice.
- Charge for this new TF to be discussed in May.

