Update on Major Activities at the Society of Actuaries

PRESENTED TO
University of Iowa
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Bruce Schobel, SOA President
Today’s Presentation

- Basic Education Redesign
- CERA Credential
- Marketing Campaign Award
2005-07 Basic Education Redesign Objectives

- Provide a more practice-relevant syllabus
- Better prepare actuaries for the future
- Reduce "travel time" to ASA/FSA
Key Accomplishments

- In 2005:
  - Revised Preliminary Exams
  - Validation by Educational Experience (VEE)

- In 2006:
  - Computer-based testing for Exam P
  - Introduction of the eight FAP modules and the first FAP1 examination
Key Accomplishments - 2007

- Provided instant results for Exam P (CBT)
- Began on-demand administration of FAP Final Assessment
- Rolled out all eight FSA-level modules
- Introduced the new CERA credential
Key Accomplishments - 2008

- Offered first expanded Fellowship Admissions Course (Atlanta, March 17-19)
- Interim Assessment (replacing FAP1 Exam) just released
- Began FAP 2.0 review/revision cycle
Observations

- A massive undertaking – we owe our success to hundreds of volunteers
- Tried to be adaptable and responsive to candidate and employer feedback
Overview of Education System

- Subjects That Are Not Tested
- Preliminary Exams
- Fundamentals of Actuarial Practice
- Fellowship Exams and Modules
- Fellowship Admissions Course
Not Tested

- Calculus – indirectly tested on all exams
- Validation by Educational Experience (VEE)
  - Introduction to Economics
  - Corporate Finance
  - Applied Statistics
Preliminary Exams

- **P** – probability – computer-based – instant results since 2007
- **M** – life contingencies – financial economics segment added in 2007
- **C** – actuarial models – content from M moved here in 2007
Fundamentals of Actuarial Practice (FAP) e-Learning Course

- Focus on education over examination
- Present key facts, concepts, processes, procedures and principles
- Practical applications, expert experience, examples, case studies and traditional readings
- Opportunities to practice and receive feedback (activities, exercises, assessments)
FAP Course – Change in 2008

- Interim Assessment – a controlled and graded assessment following Module 5
  - Available on demand and must be completed and submitted within 30 days of starting
  - Must be successfully completed prior to attempting Final Assessment
  - Candidates move to Module 6 immediately after submitting their Interim Assessments
FAP Course

- Final Assessment – a controlled and graded assessment following Module 8
  - Available on demand and must be completed within 96 hours of starting
  - Candidates are eligible upon successful completion of Modules 1-8 and the Interim Assessment
FAP Course - Registrations and Candidate Status

- More than 6000 candidates have registered
- More than 2300 candidates have completed the course
FAP Candidate Feedback

- Very positive
- FAP course is relevant to their work
- SOA e-Learning platform is excellent
- Course material is generally well presented
- Candidates’ knowledge increased
- Overall quality of FAP course is rated exceptionally high
FAP Employer Feedback

- Quite positive, but not as positive as from candidates
- FAP course is relevant to candidates’ work
- Candidates’ knowledge increased
FAP Employer Feedback

- Overall quality of FAP course rated as high
- Some (a very few) employers rate FAP as a failure
- Concern that FAP may have less educational rigor given the change from exams to assessments
FAP Improvements Planned

- Reduce redundancy in readings and reduce the amount of readings
- Increase the use of case studies for all modules
- Improve relevancy of end-of-module exercises
FAP Improvements Planned

- Coordinate end-of-module exercises with assessments
- These changes will occur during 2008
FSA Education

- Critical content rigorously examined
- Other relevant content covered via e-Learning modules with exercises
- Some advanced applications also covered in e-Learning modules
- Maintain and expand the FAC by including a communication skills component
FSA Education Redesign

- Examinations – two for each educational track
- Two practice-specific e-Learning modules
- Capstone experience =
  - Decision Making and Communication Module (DMAC)
  - Fellowship Admissions Course (revised and expanded in 2008)
FSA Exams

- Two 6-hour exams for each educational track; each exam similar to previous Course 8
- Each exam is offered once per year, alternating between May and November exam sessions
- Advanced Finance/ERM exam to be given twice a year starting in 2008
FSA Modules

- Two e-Learning modules are also required for each educational track:
  - Topics that do not lend themselves to an examination format or that do not need to be rigorously tested
  - Optimal level of consistency across educational tracks with some flexibility
  - End-of-module exercises; review and grading for accountability (similar to FAP)
Pathway to FSA

Economics, Corporate Finance, Applied Statistics

P – Probability
FM – Financial Mathematics

MLC – Models for Life Contingencies

MFE – Models for Financial Economics

C – Construction of Actuarial Models

FAP – Fundamentals of Actuarial Practice Course – 8 modules

APC – Associateship Professionalism Course
ASA

Track choices – Individual Life and Annuity, Group and Health, Retirement Benefits, Investments, Finance/ERM

EXAM MODULE COURSE Validation by Educational Experience

Track Exam 1
Track Exam 2
Track Module 1
Track Module 2
Decision Making and Communication Module

FAC – Fellowship Admission Course
FSA

Society of Actuaries Risk is Opportunity.
New CERA Credential Overview

- Chartered Enterprise Risk Analyst (CERA)
- SOA identified a need for this new credential to demonstrate ERM competence in traditional and broader financial services marketplace
- June 2005: SOA Board approved development of Chartered Enterprise Risk Analyst credential
CERA - Marketplace

- CERAs will be employed primarily in banking and broader financial services, whereas the ASA will have its traditional stronghold in the insurance sector.
- Marketing efforts are directed at publicizing the unique skill set of CERAs.
CERA for ASAs and FSAs

- Option 1 - Experienced Practitioner Pathway
  - Experience managing interaction among multiple risks
  - Methodology development or implementation
  - Academic research resulting in practical application
  - Applications being accepted through July 1, 2008; first seminar in Chicago, April 13 & 14
CERA for ASAs and FSAs (cont’d)

- Option 2 – Advanced Finance/ERM (AFE) exam and an FSA-level module
- The AFE exam will be given twice a year starting in 2008
- For the latest information, visit www.ceranalyst.org
CERA - Requirements

- For individuals new to the field:
  - Exam P
  - Exam FM (2007 and later)
  - VEE Economics
  - Exam MFE (2007 and later)
  - Exam C (2007 and later)
  - Advanced Finance/ERM Exam
  - CERA Operational Risk Module
  - Associate Professionalism Course (APC)
**CERA pathway**

- **Economics**
  - P – Probability
  - FM – Financial Mathematics
  - MFE – Models for Financial Economics
  - C – Construction of Actuarial Models

**EXAM MODULE**
**COURSE**
**Validation by Educational Experience**
*APC can be taken with one FSA component left*

**Advanced Finance/ERM Exam**
**CERA Module**

**APC – Associateship Professionalism Course* CERA**
Actuaries
Risk is Opportunity.
2008 Corporate Branding Campaign of the Year
Questions