



AUGUST 14, 2009

Dear Members,

As the presidents of the Canadian Institute of Actuaries (CIA), the Casualty Actuarial Society (CAS) and the Society of Actuaries (SOA), we are writing to share some formal news of and request your feedback on a proposal for developing Future Education Methods (FEM) that would institute an accreditation process for qualifying university actuarial programs in the United States and Canada. This process would also include a program of granting exemptions for some multiple-choice preliminary CAS/SOA examinations on an exam-by-exam basis targeted to performance in individual actuarial courses at accredited universities. This proposal, a variant of one originally developed by the CIA, has grown out of a desire to provide an alternative, complementary approach to the current education and examination process and to advance our profession in new and exciting ways.

The FEM process is focused on and would apply only to universities in the United States and Canada that are able to meet the stringent accreditation criteria that would be established by a joint CIA/CAS/SOA Accreditation Committee. A student attending an accredited university would be eligible for exemptions from multiple-choice preliminary actuarial exams (excluding Exam P/1 Probability) if the student meets the exemption mark. This mark would be set at a higher level than the pass mark for the corresponding exam. The traditional examination pathway would continue to be available to students who choose that route or attend a nonaccredited university.

An Additional Avenue for Actuarial Education

The Boards of Directors of the CIA, CAS and SOA have each determined that they see a benefit in joining together to develop and potentially implement a system to provide candidates with the means to obtain examination credit for high achievement in university courses matched to the preliminary exams. Several universities in the United States and Canada provide comprehensive courses on the material covered on the preliminary actuarial examinations. We believe the university environment delivers a supportive, holistic approach that is interactive and incorporates current academic research findings.

University training is a significant and successful component of the education pathway for preparation and admittance as a member into the actuarial profession in most of the world, including the United Kingdom and Australia. In addition, we currently grant exam waivers and have mutual recognition agreements with the United Kingdom and Australia. These agreements already grant some limited examination credit for university training. This new proposal would extend this arrangement by providing direct oversight of such a process by the CIA, CAS and SOA. Your Boards of Directors have reviewed and discussed this idea extensively and see it as a potential new direction for the development of the actuarial profession.

Membership Feedback Requested

The CIA, CAS and SOA are considering entering into a joint agreement to implement this FEM program, the beginning date of which could be as soon as September 2011. However, before we make the final decision to embark upon this new alternative approach, the Boards of each organization want to hear from their respective members.

The FEM Process

Under the FEM proposal, an exam exemption would be the result of a strict multiphased accreditation process. The joint Accreditation Committee (AC) would be responsible for establishing and maintaining high standards for accreditation and for evaluating programs for continued qualification.

1. The university itself must be accredited based on specific standards such as the following: having a Fellow on staff to lead the program along with other actuarial professionals, offering courses to cover all of the multiple-choice preliminary exams, and meeting high standards in teaching the material. The joint AC would verify the criteria with required documentation and on-site visits.
2. Accredited universities would be required to demonstrate that the learning objectives covered in each individual course map directly to the learning objectives for the appropriate preliminary exam. In meeting this objective, the joint AC would allow the universities some limited flexibility to allow professors to complement their course with materials that address timely and relevant issues.
3. Exam P/1 (Probability) will be excluded from an exemption because the teaching of the corresponding courses is generally not done by and under the control of actuaries on the university staff. As noted in Item 4, this exam provides a screening mechanism for both candidates and employers. In addition, it is a topic that is well-suited for multiple-choice examinations.
4. A candidate would have to pass Exam P/1 before graduation and prior to applying for an exam exemption for the other multiple-choice preliminary exams.
5. Final examinations are to account for a significant proportion of the course marks and have similar length, approved materials, and a level of difficulty corresponding to the SOA and CAS examinations.
6. Appropriate marks that students must obtain to be eligible for an actuarial exam exemption for each university course would be determined by the joint AC. To ensure uniform standards, the specific threshold exemption mark may vary slightly from university to university.
7. Annual audits of each accredited university and approved courses would take place to ensure that objectives and accreditation standards are being met. Additional measures (e.g., performance of students on the later exams) will be reviewed as well to ensure that there is the desired correlation between performance at the university and the ability to pass exams.

Why Make This Change?

The main purpose of the accreditation program is to provide a high quality alternative for the preliminary actuarial examinations. We expect to achieve the following benefits:

- The actuarial profession will become a more attractive career opportunity for students entering university.
- The quality and scope of the actuarial programs and actuarial education will be improved through the standards set by the joint AC for the accredited universities.
- The profession gains by having candidates who have received the benefits of university training in actuarial subject matter.

We have also developed a set of Frequently Asked Questions (FAQs) that may answer some of the questions we anticipate you might have about this program. The FAQs will be updated as appropriate in response to member feedback.

Share Your Feedback

We recognize that this proposal is an alternative approach that represents a significant change from the pathway that the majority of us followed to become actuaries. We believe that providing this alternative approach to the traditional examination route is an important advancement and one that will strengthen the profession in the long term.

Please share your thoughts and opinions with us. Feedback will be collected through September 10, 2009. This date was selected to provide the Boards of the CIA, CAS, and SOA with member comments prior to each organization's fall Board meeting. Comments received after this date will still be considered. Please submit your feedback along with your name and organizational affiliation to fem@actuarialdirectory.org. A summary of member comments will be shared with the respective leaders at each organization for review and consideration of next steps.

Thank you in advance for your consideration and comments.

Sincerely,



Robert C.W. Howard
President, Canadian Institute of Actuaries



John J. Kollar
President, Casualty Actuarial Society



Cecil D. Bykerk
President, Society of Actuaries