



SOCIETY OF ACTUARIES

Article from:

The Actuary Magazine

October/November 2012 – Volume 9 Issue 5

GLOBAL CERA CREDENTIAL CELEBRATES THREE-YEAR ANNIVERSARY

BY FRANCIS P. SABATINI

THE CERA GLOBAL ASSOCIATION (CGA) is about to celebrate its third year managing the process of awarding CGA member organizations with the right to offer a global risk management designation. There are now well more than 1,000 CERAs globally, and the nine actuarial organizations noted below are authorized to award the CERA credential.

- Society of Actuaries
- Casualty Actuarial Society
- The Institute & Faculty of Actuaries (United Kingdom)
- Institute of Actuaries of Australia
- Actuarial Society of South Africa
- Het Actuarieel Genootschap (HAG)—Netherlands
- Canadian Institute of Actuaries
- Institut des Actuaire—France
- Deutsche Aktuarvereinigung e.V.—Germany

Both the Institute of Actuaries of Japan and Svenska Aktuariieföreningen (Sweden) have applied to become award signatories. An award signatory is an association that has been granted the right by the CERA Global Association to award the CERA credential. Should they be approved, all but two of the original treaty members will be award signatories. The Actuarial Institute

of Chinese Taipei has recently become a treaty member, and the Association Suisse des Actuaire (Switzerland) and the Society of Actuaries in Ireland have expressed interest in becoming members.

The concepts underlying the global CERA treaty, championed by Michael McLaughlin of the SOA, have blossomed into a worldwide credential that is gaining recognition globally. In discussing the CGA's three-year experience, Mike noted, "The SOA played a huge pioneering role by developing the CERA credential and in helping bring the global credential to reality. I am delighted to see the success of this important global credential."

Fred Rowley of the Institute of Actuaries of Australia is the current CGA Board chairman and the individual that championed the development of a global credential. His hard work, determination and persistence launched this important global credential. Finding a way to get these worldwide associations to join together is a major accomplishment. Today they work together as if they have been doing it for years.

Two separate events will trigger treaty provisions that have important effects on global CERA governance. With the next granting of award signatory status, there

will be 10 such associations. This triggers a reconstitution of the Review Panel. The Review Panel is charged with the initial and ongoing review of each award signatory's CERA education and candidate assessment system in accordance with the provisions of the treaty. The treaty's three-year anniversary will trigger a reconstitution of the global CERA Board as well.

Current board membership consists of representatives from each of the original treaty signatories. Upon the three-year anniversary (Nov. 13, 2012), the board will be reconstituted to include award signatories only. At this juncture almost all of the original treaty signers have become award signatories and will be represented on the new board. The exceptions are likely to be Colegio Nacional de Actuarios A. C. (Mexico) and the Israel Association of Actuaries. As new award signatories are approved, their representatives will be added to the board.

Currently, the number of FQAs (fully qualified actuaries under the International Actuarial Association definition) who are members of each award signatory is the key determinant for voting on board matters. Once there are 10 award signatories, board voting will be based on the number of

CERAs registered to each award signatory. This change in protocol should occur within six months of the 10th award signatory status being granted. The global CERA is funded through fees paid by the member associations. Fees are assessed on the same basis used to determine board voting. As the board voting basis changes so will the basis for assessing fees.

Another operational change that comes with the three-year anniversary is the appointment of a new Global CERA Board chair. Fred Rowley has capably led the Global Association through the initial stages. The board will be shortly electing a new chair from the existing board members. Continuity will be maintained in that way.

The interim review panel will be disbanded and a permanent review panel will be formed as a result of reaching 10 award signatories. The permanent review panel will consist of representatives from each award signatory. The permanent review panel chair will be selected from the review panel members. The interim review panel has prepared a review of its operations to date and has made recommendations to streamline the process of future reviews. Overall, the interim review

panel believes the review process has been consistent with the objective of ensuring overall quality of the credential. Steve Eadie has been the SOA representative on the interim review panel. The review panel will focus more on annual reviews of the existing award signatory's CERA education systems in the future since the expectation is that there will be fewer new applications for award signatory status. An in-depth review is conducted once every three years of each award signatory's education system, but annual reviews are conducted with a focus on any changes to the CERA educational system made by an award signatory over the previous year.


At least once every three years from the date of the initial signing of the treaty, the enterprise risk management (ERM) syllabus and ERM educational standards must be reviewed under the terms of the treaty. This is to ensure that the syllabus and standards represent best contemporary practice in both ERM application and ERM education. Each award signatory will have 18 months to bring its CERA educational systems in line with the revised ERM syllabus and ERM educational standards should changes be made. Award signatories are

required to cover at least 80 percent of the ERM syllabus. In practice, this minimum has been exceeded by all award signatories. The cognitive levels required in the assessment of CERA candidate achievement are more than acceptable.

The global CERA treaty provisions have affected the SOA's CERA education system. For example, the SOA's recent introduction of a four-hour ERM exam and modifications of the Fundamentals of Actuarial Practice course and the ERM module were initiated, in part, by the global CERA ERM syllabus requirements.

In reality the changes described in this article are likely to be "no big deal." Operationally, most of the same associations and their representatives will continue to be involved in the governance of the global CERA credential. The focus will be to continue to expand the CERA credential and to create a greater awareness for the credential. The board has formed a Branding and Marketing Committee to explore ways to promote the credential. Of all the changes, the syllabus review could have the most immediate effect. We have three years of review panel experience and extension of ERM practice to be reflected in the new ERM syllabus.

It's amazing how the concept of a risk management credential has evolved over a relatively short period of time into a globally recognized credential.

Please visit www.ceraglobal.org to learn more. 

Francis P. Sabatini, FSA, CERA, MAAA, is president of Sabatini Advisory Services, LLC. He can be contacted at francis.sabatini@gmail.com.

Expanding Intellectually

I WANTED TO go back for the CERA out of intellectual curiosity—expanding my horizons beyond traditional actuarial thinking. While the designation has not had a direct impact on my career, my exposure to the risk management curriculum has influenced me in several ways. On the positive side, I am more conscious of looking at the entire risk profile of a business decision, including areas such as counterparty and liquidity risk that are not traditionally a focus of actuaries. Curriculum material on financial innovations, and how they are promoted and analyzed, also taught me that one must take a critical view of any "solution" to risk management concerns.

— **Harold E. Lubner, FSA, CERA, MAAA**