



SOCIETY OF ACTUARIES

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## Letter From The President

# MOST FREQUENTLY ASKED QUESTIONS

BY MARK J. FREEDMAN

**DURING MY YEAR** as president I have had the opportunity to talk with members at Society of Actuaries (SOA) meetings, at actuarial club meetings, and at their places of employment. I have also had the opportunity to meet with students and candidates at university events and at the SOA's Candidate Connect events. The most enjoyable part of these visits is when I stop talking and start listening to the questions that members, candidates and students ask me. I know many of you haven't had the opportunity to attend one of these events, and in this letter, I am offering my answers to the most common questions.

### GENERAL INSURANCE

Students and candidates who might be interested in becoming general insurance (also known as property-casualty or non-life insurance) actuaries, invariably ask me, "Why should I take the SOA's General Insurance track instead of going through the Casualty Actuarial Society (CAS)?"

The answer is that the SOA's General Insurance track allows one to become a member of the SOA, which is the largest actuarial organization and offers one of the most valued actuarial designations in the world today. Being on the SOA track also gives candidates and members important flexibility at key points in their careers.

Previously, candidates have had to commit to studying general insurance as a specialty

at an earlier stage in their program or risk some time studying material that would not transfer between actuarial bodies. In the SOA's pathway, students can delay their specialization decision until they start taking fellowship exams. This is especially useful outside of North America, because there is not as large a distinction between the life and general insurance industries. It's an option that I find students understand and really appreciate when I explain it to them.

Also, the SOA's General Insurance track affords students the flexibility, later in their careers, to adjust areas of practice without having to take more exams to get a second credential. We all know actuaries who've shifted areas of practice over their careers as they've gained new experience, as new opportunities have come up, or as formerly "hot" topics have faded. For example, in the late 1970s, the advent of ERISA made becoming a defined benefit pension actuary an extremely popular choice. Today, defined-benefit pension plans are declining and many pension actuaries have transferred into other fields. It is quite conceivable that North American property-casualty insurers will consolidate more heavily in the future, lessening the demand for property-casualty actuaries. At that point, these actuaries might need to look for other opportunities. Those who hold the FSA will find it easier to shift practice areas in that type of circumstance. Both students and young actuaries appreciate the value of this option.

Many times students ask the follow-up question, "Will I be able to sign actuarial statements of opinion?"

There are really two distinct questions here, so the answer depends on whether the question is about (1) signing specific reserve opinions required by insurance regulators; or (2) signing statements of actuarial opinion relating to property-casualty practice, in general. I'll touch on each of these briefly.

- *Reserve opinions required by regulators.* The answer, today, is "no" in the United States (it varies in other countries). However, we are working through the proper channels in the United States and elsewhere to have our general insurance fellows recognized to sign such statements on the same footing as those who choose the CAS pathway. This is a very important effort and one we're very focused on. We're responding to requests made of us by the National Association of Insurance Commissioners (NAIC) and will provide any information they need for their assessment. We hope we can achieve their recognition soon.
- *Statements of actuarial opinion, in general.* You will be able to work on a variety of projects and, with relevant experience, you may become qualified to provide



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and sign “statements of actuarial opinion” on property-casualty matters. For example, assume you become an FSA upon completion of the General Insurance track and are practicing in the United States. Then you must comply with the U.S. Qualification Standards. In that case, you will have satisfied the basic education requirement of the General Qualification Standard for issuing a statement of actuarial opinion on general insurance matters.

SOA members frequently ask me, “In order to get a critical mass of general insurance actuaries to volunteer for research and education, why doesn’t the SOA provide fellows of the CAS an FSA?”

In 2013, our board approved allowing associates and fellows of the CAS to become, respectively, associates and fellows of the SOA, and to waive certain examinations and other requirements toward membership in the SOA for those who have successfully passed substantially equivalent examinations or courses required by the Casualty Actuary Society. This opportunity is open until Dec. 31, 2015. We’re committed to building a global community of general insurance actuaries within the SOA. Working within the SOA—in addition to the other professional organizations to which they may belong—gives these members the opportunity to participate in the SOA’s research efforts, help create and drive professional development offerings, and help build the global actuarial profession and the general insurance specialty.

Currently, more than 75 individuals have taken advantage of this offer and we expect many more before the offer expires.

**PUBLIC POLICY**

Why is the SOA concentrating on public

policy when other organizations are already doing it?

As a member of the American Academy of Actuaries (the Academy), I am proud of the Academy’s public policy work. However, I am not so concerned with arbitrary boundaries and the political structure of our profession. I am sure that our employers and the public do not care about this either. All actuaries and all actuarial organizations can and must contribute.

The SOA’s strategic plan suggests that the SOA’s unique contribution is grounded in providing research and education, from a uniquely actuarial perspective, on the issues we face.

Then, there is a question about who will deliver our research to the public. The SOA is very interested in partnering with other actuarial organizations in productive, constructive and mutually helpful ways to

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address these issues together. We do that already in our work with the Canadian Institute of Actuaries (CIA) to deliver research results in Canada and with the Academy in the United States.

A recent example is our study on the Canadian health care system. This was a joint research project between the SOA and the CIA. The report indicates that without significant government intervention, the health care system in its current form is not sustainable. We collaborated with the Canadian Institute of Actuaries in planning the project, selecting the researcher, overseeing the project, and

reviewing the final research report. The Canadian Institute of Actuaries took the lead in bringing the research to the Canadian media and policymakers. We received an excellent response to the work, including requests for further discussion from policymakers up to the provincial financial ministry level. Our collaboration resulted in timely, relevant research communicated effectively to the public policy decision makers. In my mind, that’s a prime example of what it means for a profession to serve the public interest. Another ongoing example is the work we do with Academy committees and task forces to deliver experience studies to the NAIC.

Sometimes, other organizations may not want to join us on a project for a variety of reasons. In those cases, we have an obligation not to leave good research “on the shelf.” An example of this is the SOA’s

independent, multidisciplinary Blue Ribbon Panel on Public Pension Plan Funding. The panel’s report has been very well received in the media, the profession, and by policymakers. We’ve made a significant contribution here and I’m very proud of the work that Bob Stein, the panel’s chair, and members of the panel did to prepare this report. It’s giving us what we had hoped for—a dialogue among public pension stakeholders that seek to improve public pension plan funding practices.

**BUSINESS SKILLS**

A question many employers of actuaries ask

me is, “What is the SOA doing to promote more business acumen for actuaries?”

First, communication skills are an integral part of the Fundamentals of Actuarial Practice and Decision Making and Communication modules as well as the Fellowship Admissions Course. In Fundamentals of Actuarial Practice, candidates have several assessments that require well-written memos. In Decision Making and Communication, there are instructions in several types of communication. Finally, at the Fellowship Admissions Course, candidates receive instruction on oral presentations and make a presentation.

Second, the SOA offers a range of online courses through “BizLibrary,” where members and candidates can take advantage of online coursework for continuing education in business skills including leadership, communication and management.

Third, the SOA just launched the Professionalism Ready-To-Go Workshop Kit. The kit includes a facilitator guide for actuaries and all of the materials needed to hold a professionalism workshop in-house.

Fourth, the SOA offers assorted general business type topics in all of its large meetings. While our technical sessions continue to be the most popular sessions at most meetings, many members are attending the business skills sessions as well and gaining valuable training.

## INTERNATIONAL

Many members, especially those outside of North America, ask me: “What is the SOA doing on the international front?”

In 1988, the SOA launched a project with Nankai University to address the shortage of qualified actuaries in mainland China.

Now, there are many SOA members there as well as those in Hong Kong, Taiwan, Korea, Thailand, Malaysia and Singapore. We’re working this year to review and further refine our work with our members and candidates in China, to be sure we’re providing them with the services they need and deserve.

The SOA is recognizing the economic growth impacting the insurance industry and the resulting increased demand for actuarial services by working to reframe our relationships in Asia. Part of that work is strengthening the SOA relationship with the International Actuarial Association. A strong and vital International Actuarial Association is critically important to the actuarial professional today due to the relationships it is building with supranational organizations like the International Association of Insurance Supervisors and the assistance the International Actuarial Association provides to small national actuarial associations.

I have traveled to Asia this year to visit students, members and employers across the region. I visited a few universities and participated in a meeting of Actuarial Society of Hong Kong members. I presented at the fourth annual SOA Asia Pacific Symposium and at the Joint Regional Seminar held throughout Asia and sponsored by the SOA, Institute of Actuaries of Australia and the Institute and Faculty of Actuaries. I plan to participate in the East Asian Actuarial Conference in Taipei this fall.


## EXAMS

Exams are always top of mind when talking with students. It is something they all have in common with each other and, of course, with SOA members. They aren’t too young to want to start trading “war stories.” The question they often ask is, “What was your most difficult exam experience?”

My worst exam experience was when I took Part 7. I had just recently moved into my own apartment, but the SOA still had my parents’ address, since I figured my parents would get the mail faster while I was working. I coached my parents incessantly about what to do when the results came. I said that when I pick up the phone, they should not “chit chat,” but just say “8” or “2”—whatever my score was. They said they understood. I even made them practice time and time again.

One day at the office, I picked up my phone and said “Mark Freedman.” My dad said, “Hi. How are you doing?” I was already mad at him, since he never called me at work to chat. I asked, “What do you have to tell me?” He said, “I have good news and bad news.” “What’s the bad news?” I asked. He said, “You didn’t pass.” I replied harshly, “What’s the good news?” He said, “You got a 5.” I hung up the phone and was angry at my dad for about a week. For my next exam, I changed my mailing address!

## CONCLUSION

I will continue to travel and meet members, candidates and students and look forward to seeing some of you. In the meantime, if you have questions please contact me at [mfreedman@soa.org](mailto:mfreedman@soa.org). 

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