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The Chartered Enterprise Risk Analyst Credential: The Experienced Practitioner's Pathway

by Chaundra McGill

The old adage “experience is the best teacher” aptly describes the CERA Experienced Practitioner's Pathway. This pathway is an avenue for a select group of Society of Actuaries members who have demonstrated expertise and substantial experience in the field of enterprise risk management to obtain this new credential without completing the examination requirements.

Short for Chartered Enterprise Risk Analyst, this new international credential encompasses the most comprehensive and rigorous validation available of enterprise risk management. While the CERA curriculum was carefully developed for professionals to use their quantitative and qualitative strengths to bring technical sophistication to a rapidly emerging specialty, this pathway is an opportunity for accomplished professionals to optimize their practical experience to add the CERA credential to their name.

In July 2007, Mike McLaughlin, FIA, FSA, MAAA, became one of the first individuals to earn the new CERA credential, the first new credential from the SOA since it was formed in 1949. While the development of the credential was the work of many members over the past few years, McLaughlin championed its actualization.

McLaughlin notes that while the CERA credential responds to market needs, it also better positions the profession for a competitive future.

Several years ago, McLaughlin realized that today's business world was facing an expanding breadth of risk. While managing and mitigating risk has long been the domain of actuaries, the changing nature of risk now encompassed financial and operational risks. Better known as enterprise risk management (ERM), organizations of all types were taking a 360-degree view of their risk profile, signaling an opportunity for actuaries to become leaders in this emerging practice.

“Soon after I was elected to the Board of Governors of the SOA in 2002, I read that the number of people registering for membership as chartered financial analysts just that one year exceeded the total number of members of the SOA,” McLaughlin

said. “Clearly the business world was relying on professionals who can convert risk into opportunity. Because actuarial training offers both qualitative and quantitative insights to risk management, I knew our profession was uniquely positioned to play a leadership role in ERM.”

With the support of the SOA Board of Governors, the Knowledge Management Strategic Action Team (KMSAT) was engaged to develop a curriculum for a new professional credential. Designed to encompass the most comprehensive and rigorous demonstration of enterprise risk management available, the CERA credential stems from the same rigorous process through which actuaries earn their credentials. Already more than 95 individuals have earned the designation.

“Actuarial principles have traditionally helped the world understand risk, and the CERA credential signifies an evolution of the profession,” said SOA Past-President Ed Robbins.

As enterprise risk management has grown to address the increasingly complex needs roles in all types of organizations, including insurance, benefits, broader financial services and the energy, manufacturing, transportation and healthcare industries, many actuaries have already assumed leadership. This CERA Experienced Practitioner's Pathway is for actuaries who have a minimum of three years of substantial experience in the field of ERM.

Qualified professionals interested in pursuing the CERA Experienced Practitioner's Pathway should have relevant experience demonstrated in following ways:

- An individual who has performed work in the field of ERM at a senior level
- An individual who has advanced the actuarial profession within the ERM field
- An individual with significant visibility in the ERM field
- An individual who has made substantial contributions to practice in the ERM field
- Experience as a risk officer for an entity or line of business
- An individual who has served as a key contributor to an organization's risk committee
- Experience managing interactions between multiple risks

- An individual who has developed or implemented methodology for monitoring, measuring and management of risk in an ERM environment
- An individual whose academic research has resulted in practical industry ERM applications

The CERA Experienced Practitioner's Pathway will be open to applicants through July 1, 2008. For more information on the application process, visit www.ceranalyst.org.

McLaughlin notes that while the CERA credential responds to market needs, it also better positions the profession for a competitive future. According to research conducted by the SOA in the past few years, the recognition of actuarial credentials is very high among employers in insurance, reinsurance and consulting markets. Given the increasingly complex and rapidly changing business environment,

organizations are now seeking risk management professionals to help manage their companies.

Building upon the profession's inherent rigorous training, the CERA credential provides opportunity beyond "traditional" choices, offers an avenue for differentiation from the competition, and increases actuaries' expertise in risk, enhancing the profession's image in ERM. "The definition of risk is evolving from mere mitigation to expansion of opportunity; CERAs don't merely speak to what we can lose; they focus on what we can gain," said Robbins. ❖

CERA
Chartered Enterprise Risk Analyst

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