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FELLOWSHIP ADMISSIONS COURSE

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Panelists: DANIEL J. FITZGERALD
 JOHN O. NIGH
Recorder: LINDEN N. COLE

- o What is it, when will it happen, and whom does it affect?
- o Has it affected actuarial training programs, and is it expected to?

MR. ROBERT J. MCKAY: Let me give you some background on the Fellowship Admissions Course (FAC) before introducing our distinguished panel. The course is coming in 1990. It is basically a two-and-a-half day seminar that will be required of all candidates who want to get their FSA. The last thing that will be necessary to get your certificate or your diploma, once you have completed your examination requirements, will be successful completion of the FAC. This will apply to everyone completing exams in May 1990 or later. If you complete your exams this November, the FAC does not apply to you, although you are welcome to attend. If you complete your exams in 1990 or later, it will be part of FSA requirements.

Two topic areas will be covered in the course. The first is Ethics, and the second is something called Integrated Problem Solving (IPS). At the completion of the two-and-a-half day seminar, those who are successful will be awarded their FSA designations.

Dan Fitzgerald will be speaking about the IPS area. He is an actuary at Mass Mutual, and heads up a subcommittee of the Education and Examination (E&E) Committee that is developing the material for this part of the FAC. Dan is a former chairman of the Education Committee of the E&E Committee. He spent about 10 or 12 years in the educational process. On his left is John Nigh, who has taken over Joe Crowne's responsibilities for this session. John heads up the committee developing the Ethics material for the FAC. John also has considerable background in the E&E process, having spent six or seven years grading exam papers on various Part 7 courses. John is with Tillinghast. Our recorder, Linden Cole, is an Education Actuary with the SOA in Schaumburg, Illinois. He has been with the Society full-time for more than nine years in various educational capacities.

I am now the General Chairperson of the E&E Committee, so I know some of what is going on, but not the intimate details. I will give an overview presentation, and then let Dan and John give you the details. The overview presentation was given to the Board of Governors of the Society recently to bring them up to date.

Just to give you some background on the FAC, the Board of Governors of the Society asked the E&E Committee a number of years ago to investigate our whole method of training actuaries. We think we have been successful with the examination process, but we were looking to the future. A number of task forces investigated future education methods (FEM) that you may have heard about. These groups identified FEM proposals that they thought were worth pursuing and prepared a White Paper that went out to all members of the SOA in 1986. A questionnaire went along with the White Paper, asking for input on the various proposals from the membership. A very large number of actuaries responded. The FAC was one of the items on the survey. The others included giving exam credit for certain research papers and for intensive seminars covering certain topics.

Of all the proposals that were presented to the membership, the FAC received the greatest support from the membership. Eighty-four percent of the respondents felt that the introduction of FAC would enhance the education of actuaries, which is a very, FAC positive response. Since that

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time, committees have been developing it. The purpose of this program is to let you know where we are and where we're going.

At the same time that the E&E Committee was looking at educational methods, other groups in the SOA were looking at the future of the actuary. A major task force was developed called The Actuary of the Future/The Future of the Actuary. Most of you are familiar with it because of its membership surveys. There was an article from it included with the most recent *Actuary*. This group is concerned because the types of problems that actuaries will face in the future are not necessarily the kind of things that we have been trained to handle in our E&E system. We test individuals on their ability to answer well-defined questions in a well-defined amount of time. This is a good method of making sure that candidates understand and have mastered the material we present. But a lot of issues we face in real life are not that structured. The issues are broad, unstructured; there may not be one right answer, and the Actuary of the Future Task Force felt that we should be addressing this in considering how we educate actuaries. The FAC recognizes that concern as well and moves in part to address it.

The coming requirement of a FAC may be a disappointment to many of you who have ASA on your name badge, since the FAC does not eliminate any examinations in our E&E System. Rather it complements our current system. It provides additional educational opportunities for you. It is looking at very broad unstructured problems with no right answers. You will not come out of this course knowing answers to specific issues. Instead we hope that the participants in this course will be sensitized to the issues, or sensitized to the fact that there are issues and how to approach them. If people come away with that attitude, we will have been very successful.

Now we will look at the two main topic areas. Our goal for the Ethics portion is that by the end of the course, the people taking the FAC will understand the complexities of some of the ethical issues that they will have to face. They will understand how to approach the issues, and to whom to go when they come across an ethical issue. They will understand that this is not like a typical actuarial exam where there is a right and a wrong answer. Ethical issues can be very gray. The participants will come to understand where the gray areas are and what to do about them.

In the IPS portion of the course, we will again be looking at problems which are not well defined. For example, I am a pension actuary, and the problems I face are often ill defined. The clients have some type of issue they want addressed, but I have to figure out exactly what their problem is and bring a multidisciplinary approach to address it. We also want to teach that there may not be a solution to some problems, something for which we really cannot test in an exam setting. We want people to understand that there may be no solution or there may be multiple solutions. There may be two or three answers or an infinite number of answers to the problem.

These are lofty goals. How do we achieve them? What we are going to be doing is to use the case study method in the FAC. A number of case studies will be prepared and discussed. They will be presented to groups for discussion in both a small-group and large-group context. There will be facilitators. They will not be lecturers, but they will be responsible for facilitating the discussion. It is up to the participants to take the lead. The cases will focus on broad issues, not small issues such as which particular revenue ruling applies to the case. They will be trying to look at the big picture issues.

The mechanics of the course are as follows. There will be four FACs given each year, one in Canada and three in the U.S. The Canadian sessions will offer French discussion groups for those who wish them. We expect roughly 80-100 people per course. The discussion groups will be broken down into smaller units, but we will be trying to have somewhere in the neighborhood of 100 people per course.

Roughly half of the material will be devoted to Ethics and half will be devoted to IPS. The IPS case studies will be specific to the track that the participants are following, so participants who are in pensions will have pension case studies to review and discuss. The same holds for the group benefits track and the individual life and annuities track. The Ethics case studies will not be track specific. There will be case studies presented to the entire group. The case studies for both IPS and Ethics will not be nation specific, so both Canadians and Americans will be discussing the same cases. We feel that the interaction and the different perspectives individuals bring will be very beneficial. It makes it a challenge, though, to put together case studies that can be discussed by both groups. Dan will be addressing that.

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This is what will happen over the two-and-a-half days. Each course will start Sunday night, and the 80-100 individuals will register in the late afternoon. There will be orientation and dinner. Following that, there will be some introductions and an overview of the case study process, including what we are trying to accomplish, how we are going to do it, what the individual's role will be, and how it will work. There will also be an example, a brief Ethics case study, which will form Sunday evening's discussion.

Monday morning, Ethics will be the focus, and we are going to start off by scaring the participants. We will have a malpractice attorney from the local area discuss malpractice issues, not necessarily specific to the actuarial profession but to professionals in general. This should make everybody pay close attention to the rest of the course. There will then be a couple of case studies on Ethics, presented and discussed through the rest of the morning. Monday afternoon, the focus will be on IPS. There will be three simultaneous case studies, one for each of the tracks. The background material necessary for this is significant, so there will be only one case study for each track in the afternoon. If you are in pensions, for example, it will be a pension case study.

Following that participants get to see a little TV. There is a "made for TV" movie called the "Billion Dollar Bubble." It is a dramatization of the Equity Funding scandal which occurred over 10 years ago now which involved actuaries, among others in some ethical issues. It highlights some of the issues vividly.

On Tuesday, we flip flop. We will discuss a second case study on IPS in the morning. In the afternoon there will be more Ethics, with a discussion of the "Billion Dollar Bubble" followed by a couple more Ethics case studies. Then the highlight of the whole course will be a banquet Tuesday evening where each individual will receive his or her FSA diploma, presented by the SOA President.

One of the questions you must be asking yourself is: "What do you have to do to get your FSA at the banquet?" Do you just have to show up, register, and be at the banquet, or do you have to be in your chair for the whole time? Our goal is to pass everybody who attends the course. It will not be like Course 100 where we may be passing only 30%. Those who participate have already demonstrated that he or she know the material. We do expect participants to participate, however. If somebody shows up and parties the whole time, or spends the whole couple of days on the phone or reading a newspaper, he or she would fail. They should fail. But if you participate and take an active role in the discussions, you will pass.

The actual structure of how we will run a particular case study is as follows. First there will be a brief introduction to the case. For Ethics, this will be for the whole group, while for the IPS situations there will be three separate introductions for the three tracks. We will then break into small groups. They will discuss the case for a period of time, and then come back together. The larger group will then try to come to a decision on what the issues are and what should be done.

It will take a major effort to pull this off. On site there will be a course leader who will be a senior member of the E&E Committee to introduce the program, welcome the participants, and take an active role as a facilitator. There will be a course director who will be a member of the SOA staff to manage and administer the program, work for continuity between sessions, and maintain course quality. Linden Cole will be filling that role, assisted by a registrar to get everybody signed in and settled on Sunday night. There will be seven facilitators, experienced actuaries who will lead the discussions. There will be the malpractice attorney. Finally, there will be an SOA president, either the current president, the past president or the incoming president, but definitely one SOA president.

For facilitators, we are looking for senior actuaries who deal with broad issues, who are willing to sign up to do at least three of these courses. There is some training involved, and we want to make sure that they will devote the time to lead at least three times. We are looking for people with communication skills, a knowledge of the field they will be covering, an ability to encourage discussion, and (what we mean without always saying explicitly) the ability to listen and not speak. We are not looking for somebody who wants to talk for two days. We also hope to find facilitators who are enthusiastic, energetic and all those wonderful things. Unfortunately, we do not teach much of that in the SOA, but we are very hopeful that we can find the kind of people we need.

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Where are we going to hold the courses? We had a committee looking at this, and here are the results. We want the courses to be away from downtown areas. The locations have to be easily accessible but we do not want them, say, in the middle of Times Square. There are bright lights and "other things" going on that might divert people's attention. We want individuals to concentrate on the course. We want a conference center atmosphere with the ability to accommodate the expected number of people. We would like the facility to be in or near a major city for travel purposes. By the way, we want an adequate number of break out rooms, meaning an adequate number of nice break out rooms. In terms of quality and service, we want the kind of facility that the Society uses for a meeting like the one we are attending.

The first two courses are going to be held in September 1990, and the next two in March 1991. The September courses are planned the Prince Hotel, a major hotel in Toronto but not right downtown. The Chicago facility is southwest of O'Hare, and thus accessible to O'Hare but not to Chicago's Rush Street. For the 1991 Courses, we have identified the cities but not the facilities. The September 1990 participants will be the people who complete all of their examination requirements for Fellowship with the May 1990 exams. They will receive the good news in July that they passed, and they will be invited to the September 1990 session. If they can't make that, they can go to any of the later ones.

At this point case studies have been developed and are being refined. In fact, the IPS group is meeting right after this session to do some more refining. We are identifying the faculty and preparing training for them. We will be evaluating the case studies, the process, and the facilitators. There will be a session in December where we run through some of the case studies and pretest this whole concept. Then we will be refining, revising the cases and possibly the procedure. So again it will take a major effort to pull this off. The encouragement we received from the very positive membership response a number of years ago makes us think the results will be worth the effort.

To summarize, this is not the type of course you usually see in the actuarial exams. We are making every effort to explain the course, so that people know what is happening. There was an article in the October 1989 *Actuary* describing the FAC. The President and the President-Elect of the Society travel a lot in North America giving speeches, and they will be including this in their remarks. There was a letter last month to employers of actuaries reminding them of the initiation of the course next year and telling them where we are in developing it. There is also an open forum discussing it. When the November 1989 tickets of admission go out to people writing exams, they will include a FAC notice.

MR. DANIEL J. FITZGERALD: My portion of the presentation is going to focus on the IPS section of the FAC. While Bob's presentation gave an excellent overview of the FAC, I will provide you with additional details surrounding the development of the IPS section of the FAC.

In order to understand the development of the IPS section, you have to go back to the origins of the new Flexible Examination System (FES) and the future education method proposals. With the introduction of FES, a system was put in place that allows a student to tailor his or her education to suit a wider variety of professional development. Instead of having limited choices among large blocks of examinations, students can create or build an educational foundation that combines subjects to meet their individual needs. This takes into account not only the current situation of the student, but also the future needs. For example, instead of moving immediately from pricing topics to valuation topics, a student can move from pricing to marketing instead. The basic theme for this flexibility was to recognize that current and future working environments for actuaries will not be as predefined or structured as they once were. Future environments will be more dynamic and evolutionary. The FES was constructed to meet the needs of this new environment.

A necessary byproduct of this new examination system was the introduction of shorter, more focused examinations that could be combined in a given examination session. The student now has the option to combine, for example, a two-hour examination with two 1.5-hour examinations in comparison to the prior standard 5-hour examination. The new system, however, also allows students to merely take a separate 1.5-hour examination that is disjointed from other subjects that are being studied either at the same time or at another time.

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Since the everyday world is not made up of segmented narrowly defined topics, a key objective for IPS is to force the soon-to-be new Fellow to apply his or her educational background in a total and complete way. As an example, students will have to understand that a plan design question influences pricing, which in turn influences valuation considerations, which in turn influences reporting issues, etc. In short, the student will be forced to understand that projects and decisions cannot be studied or undertaken in a vacuum. Actions considered or initiated set in motion a series of events that the student must understand and appreciate.

Just as important, the student must understand that there are multiple disciplines that an actuary must work with and understand. Despite the broad-based actuarial background that an actuary brings to the workplace, he or she must understand that conflict and compromise are inevitable when dealing with multiple disciplines. For example, the student must realize that not all marketing and sales people are trying to give away the store. So with the objective of wanting the actuary to appreciate the multiple dimensions of both subject material and disciplines, the IPS Committee had its work cut out for it.

In assessing the model to use to provide for this educational experience, the committee narrowed its choices to three formats. The first was management simulation games using personal computers. While there was a certain alluring attraction to this medium, it was shortly dismissed. Interacting exclusively with a personal computer is not what the actuary will face in the post-examination environment. Also, it is difficult to develop an understanding of interdisciplinary conflict and compromise when the interaction is between one human and a machine. Finally, we discovered that there really are very few good simulation models, and most of them deal only with individual insurance.

Next we considered seminar teaching models similar to the Society's seminar programs. Almost as quickly that was dropped from consideration for a variety of reasons. They have a format that is more lecture in nature, and have a tendency to be one dimensional, along general actuarial principles. While a seminar format is a very effective medium for imparting information, it lacks the interactive, multi-dimensional features that we were looking for.

Now that I have described what we did not choose, let me describe the model we did choose. As Bob indicated, we have chosen the case study method to conduct the IPS section of the FAC. We chose it based on a number of attributes. First, we felt that this method has been proven very effective in many professional development courses, not the least of which are the very fine MBA programs of leading business schools. Second, we felt that in most respects we have already been in the business of writing and testing case studies, albeit shorter versions of what we will use in FAC, by virtue of the essay questions that appear on Society examinations. Finally, the case study method lends itself to encouraging good and challenging interaction of participants in the case study discussion.

After we obtained approval of our recommendation, our committee recognized that it was critically important that we secure outside assistance in developing case studies for the FAC. We are using two separate vendors. The first consists of people connected with the University of Western Ontario (UWO) School of Business Administration. For those of you not familiar with UWO, it has one of the finest reputations in North America as a business school, and it uses the case study method exclusively for instruction. We are working with experienced case writers under the supervision of Dr. Christoph Haehling von Lanzanauer from the Graduate School of Business Administration. Our second vendor is associated with the Harvard Business School here in the U.S. Again we are working with an experienced case writer under the supervision of Dr. Len Schlesinger of Harvard Graduate Business School. We feel quite fortunate to be working with such quality people from these prestigious institutions as we develop our curriculum.

That is the method we chose and who we selected to work with us. How have we organized to develop our cases? Being aware that the new FES has a basic track orientation, we felt it would be most effective if we organized along track lines. Therefore, we have an individual life and annuity section, a group benefits section, and a pension section. Our sections have appropriate representation from both U.S. and Canadian actuaries. We also have both consultants and company actuaries in the sections.

The cases that we have developed come from real life situations that members of the three sections have experienced, either personally or tangentially. Most of the situations are

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unstructured and do not have unique solutions. They also involve several professional disciplines, some of which even conflict. The cases tend to be strategic and long range, although they possess operational and short-range aspects. They are very much action oriented, so that the participants in the discussion will have to choose and evaluate a number of alternatives and understand the implications of their decisions. Some of our cases will provide the flexibility of having participants divide into subgroups to represent parties in the case.

While developing the case itself is the bulk of the work, involving interviews with the author, company representatives and the case writer, a very important part of the case is the teaching guide that accompanies each case. The teaching guide provides the instructor or facilitator with key points of the case, what issues are more important than others, what information should be supplied and when, as well as other suggestions to promote active discussion of the case by the students.

As Bob outlined, IPS will be conducted in two separate time blocks during FAC. We anticipate that there will be individual assignments before each case is presented in each of the two sessions. Within each session there will be three defined subsessions. The first subsession will be the stage setting and the general expectations for the case.

The second subsession will involve the larger group breaking into smaller groups for the case discussion. This is where the real action takes place, the give and take, the challenge and compromise, the choices and consequences. During this segment, the facilitator will assist the subgroups if they appear to be at a stalemate or need guidance. However, the facilitators are not there to give the students the answers, not only because there may not be a single correct solution but also because his or her job is to encourage participants to work it out for themselves.

The third subsession will be a reconvening of the subgroups back into the larger group for a final discussion of the case. Here is where the students will identify what they learned from the case, what processes worked to accomplish decisions, what information was helpful or even what type of information was necessary to make decisions.

Students should hopefully come away from these case discussions feeling more comfortable that problem solving of the unstructured type is nothing to be feared or avoided. They should also come away from these cases with an understanding that there are other perspectives than just actuarial, that there are other issues than those that immediately present themselves in a given case.

In summary, the IPS section of the FAC will provide the soon-to-be new Fellow a total learning experience, building upon the solid foundation of the formal actuarial education from the examination syllabus and providing a bridge to the real-world problems and assignments that new Fellows are given.

While a tremendous amount of work has gone into the development of not only the IPS section, but the entire FAC by a number of people, I would like to acknowledge two individuals at this time who have made invaluable contributions to our work. The first is Ms. Susan Duda, a consultant working through the Society office. Susan has brought a wealth of experience in business and professional education to our process. She has made the work of our volunteer committee members much more effective with her thoroughness and attention to the many details that are inevitable in a project of this nature. I am personally confident that the FAC is going to be first class, a program that the entire profession can and will be proud of, and Susan's efforts have increased the inevitability of this being realized.

Second I want to recognize the extremely valuable guidance that Mr. Mike McGuinness, Society Vice President for Education, has provided to our committee. Mike has been very effective in keeping the lines of communication open between our committee and the steering committee that oversees our work, as well as the Society's Board of Governors. Mike has created an environment that let us get a very difficult job done without delay, yet ensured that the many sticky issues that emerged got the proper airing with the appropriate parties. Don't let Mike's quiet style fool you, because he is an individual who knows how to get things done in a positive setting.

And finally to my committee members, our work is not yet done.

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MR. JOHN O. NIGH: I would like to second the accolades that Dan has put forth for Susan Duda. She has been very active on our committee as well, as has Linden Cole.

As Bob has said, the Ethics Committee is not track specific. We do have case studies, however, that address group issues, pension issues and individual life issues. Unlike Dan's committee, our committee wrote our own case studies. That was a very interesting and interactive process. We met five or six times in 1989. The only thing that I would add to the agenda for the actual course is that we plan to play an audio tape of an interview with one of the actuaries in the Equity Funding case described in the "Billion Dollar Bubble." Our case studies in Ethics are very brief. The objective is to emphasize to the new Fellows that there are no straight answers, sometimes there aren't any answers, and above all there are gray areas.

The cases seem very straightforward, on the surface, but when you get into discussions of them, you realize that they involve very complex issues.

In a typical case, the actuary will be asked to do something which makes her or him uneasy. Perhaps the issues are inadequate resources, inadequate time, inadequate staff, or an inadequate base of information. Or perhaps the actuary is uneasy about how the results might be used. Perhaps malpractice is a possibility.

At a certain point in the discussions, the facilitator may introduce additional material. This might involve a possible conflict of interest, or a disagreement with another actuary.

In the discussion of each case, we want to make sure the students are aware of the Guides to Professional Conduct, and the opinions that are available. Several of the guides and opinions of the American Academy of Actuaries, for example, will apply to many situations. First is guide two, the relationship and responsibility of the actuary to clients and employers. Second is guide four, actuarial calculations and communications. Interpretative opinion 3, concerning the professional communications of actuaries, will often be relevant.

As you might suspect, most of our case studies are from real-life. Eighteen case studies have been developed.

MR. MCKAY: Now we would like to answer whatever questions you have. At sessions like this on educational matters, we often get questions that are not directly related to the topic. We would be happy to answer questions like that, but if you could concentrate initially on questions about the FAC, that would be best.

MR. STEPHEN H. FRANKEL: If somebody does happen to fail because of lack of participation, will the person be allowed to take it over again?

MR. MCKAY: Yes, it would be allowed. They would have to explain to their employer why they need another \$500.

MR. RICHARD F. LAMBERT: Are you going to use the same case studies from session to session, and if not, are you going to publish them?

MR. FITZGERALD: The answer to your question probably is no. We do not anticipate initially using the same cases. We will go through an evolutionary process on the cases themselves. Some of them may test out very well in the test environment, but not so well in the actual environment, so some of them may actually fall by the wayside after we use them. We would anticipate having a bank of anywhere from 12-18 cases to begin in September 1990. Since this committee is going to move over to be a subcommittee under the E&E umbrella, it is anticipating right now that it will be developing anywhere from 6-12 new cases per year. In that way, as cases get old, or the topics are no longer timely, we can replace them. Do we anticipate publishing the cases? No, not initially. It may be that once a case gets retired, we will want to publish it but not initially.

MR. JOHN D. CECIL: You mentioned the fee of \$500. Is that a one-time fee?

MR. MCKAY: Yes. The \$500 fee covers the course, hotel, room, and food. I think the only additional cost to the participant will be air fare. The actual cost is quite a bit more than that,

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and it will be covered from subsidies from the Fellowship exams. The actual cost is probably \$1200 or \$1300 per person.

MR. JEFFREY S. MARKS: You have mentioned the testing of your cases. On whom are you going to test them in December?

MR. FITZGERALD: Right now we have a number of individuals who have volunteered to be facilitators for the first administration of the course. But the universe that we are selecting from right now will start with the FAC Steering Committee. It will also involve members from the entire committee structure itself. If the Ethics Committee members want to avail themselves of this pilot testing for IPS cases, then they could do that as well. We are then going to go down into the committee leadership of the E&E committee, so that the general officers and the exam officers will also be a part of that universe. It will be a fairly controlled kind of group that we are going to use. One of the things that we are concerned about is making sure that the controls are in place and that the cases do not get out. Even though there is no one right answer or any set of right answers, if we allow our cases to get out before the actual administration, it might take away from the effectiveness of the cases themselves. Thus we will test the cases in a fairly controlled environment.

MR. MCKAY: Now we will open the discussion up to any questions about any matters relating to education and examination.

MR. JOHN C. CHRISTENSEN: I was just curious how the applied statistics intensive seminar went this past August. Are they planning to repeat it, or even offering an intensive seminar in more courses?

MR. MCKAY: One of the other FEM proposals was the intensive seminars. These are courses that allow our students to get some credits from the Society's E&E Committee through a seminar designed by the Society. It focuses on specific topics that we feel you can learn better through lectures and through case study computer simulation. The seminars are designed to enhance material you have learned in earlier courses. The first one was given recently at the University of Wisconsin on Applied Statistics. People who had passed Course 120, the Applied Statistics course, were eligible to take it. The one-week intensive seminar was given twice, and 66 people participated. The response from the people who participated seemed to be very positive. Students felt that they came away from it having learned a lot. It made what they learned earlier in Course 120 much more valuable. The instructors, Jed Frees and Don Behan, felt very positive about the participation of the individuals. Jed made the comment that if these people were actually taking full-blown university courses, they would have virtually all received As, based on their participation, their level of knowledge and how they handled the cases. Our goal now is to increase the number of seminars. Next fall, I hope we offer this intensive seminar in more than one location, and also start investigating adding additional topics. One of the topics that we are looking at is Risk Theory, where there must be a better way of learning the subject than studying out of a book to pass a hard Risk Theory exam. If you have any students in your company who take an intensive seminar, ask them to apply some of the things they have learned to your everyday problems.

MR. MICHAEL B. MCGUINNESS: How many participants passed the intensive seminar?

MR. MCKAY: There were 66 candidates at the two intensive seminars. Sixty-two of them were passed after examination of their written exam and their case study work. One person was ill and went home, and three did not meet the standards. The standards were set by the Society's E&E committee.

Now I will ask a question on your behalf. What happened to the college credit experiment?

Well, thank you for asking. This was another one of the FEM proposals. There was quite a bit of skepticism about this one, with maybe half the respondents liking the idea and half not liking it. The concept was that for certain courses at the ASA level, candidates could either get credit by passing the Society's exam or by meeting certain standards at universities. Because of the substantial negative feedback from the questionnaire, the consensus among the Board of Governors was to go ahead with "Level 2" which covered some of the old Part 3 courses, but only on a controlled basis as an experiment. If it worked, we could open it up. If not, we would call the

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experiment a failure and close it down. As you are probably all aware, there was a constitutional amendment proposed by a number of individuals and voted on recently, which would have basically prohibited giving that kind of credit. You could not get credit for a Society exam other than by taking the exam. The constitutional amendment needed a 66% majority of the voting members to pass. It received 59%, which is less than 66%, so it did not pass. Technically the Society could continue with the experiment. Recently, the Board of Governors, after reviewing this and the whole issue, decided to cancel the experiment. The amendment did not get the 66% majority, so the constitutional amendment did not pass, but since the membership is clearly not behind it, the experiment is being cancelled.

FROM THE FLOOR: With exams being given in May and November and results out in January and July, why would the FAC be given in March and September rather than right after exam results come out?

MR. MCKAY: For people who are writing the May 1990 exams, the results come out in July. We assume they need a month or two to get organized and schedule the time.

MR. FITZGERALD: For the January results, if your company is anything like my company, most actuaries are very busy during January and February. It would be very difficult to pull them out of year-end work. That is why we thought that March would be a better time.

FROM THE FLOOR: How are employers going to treat these "nearly FSAs," those who have completed the required number of credits but have not yet taken a FAC? Will they be treated as Fellows in terms of job responsibility, raises, those kinds of things?

MR. MCKAY: Do we have answers from anybody who is managing an actuarial training program?

MR. FITZGERALD: Here is what we are considering at this stage. We plan to divide the bonus into pieces so that once we have targeted a salary range for a new Fellow, only a portion of that will be allocated to the individual after he or she passes the last course. Only when they complete the FAC will they get the full amount of the bonus. We want to recognize that the individual has satisfied the exam course requirements, and we will allocate a portion of the bonus at that point. The balance will be paid in September after the FAC, if it is a May exam. That is my understanding of what most companies are thinking about doing. Rather than holding the whole bonus or raise up, they are going to allocate a portion of it. The proportion will vary by company. I would expect that most of it would be allocated right away, with say 25% of it or a third of it held until completion of an FAC.

MR. SYLVAIN DIOTTE: For the Canadian student, does this mean that the people who are writing their last exam in November will have to wait almost one year?

MR. MCKAY: Happily, the answer is no. We will offer one session a year in Canada and three in the U.S., but that does not mean that Canadians have to go to the Canadian session. Canadians can attend any FAC, whether in Canada or the U.S. Similarly, Americans can come to an FAC in Canada. The only real issue is the subgroups for actuaries from Quebec who want to have the small group discussions in French. Such Francophone small groups will be guaranteed at the Canadian session, and there will be facilitators who are fluent in French. If there turns out to be sufficient numbers of people taking a course in the states who want a French subgroup, we will arrange for it if possible.

FROM THE FLOOR: Do you have to wait to complete the FAC before applying for your Fellow of the Canadian Institute of Actuaries (FCIA)? I suspect that the answer is yes, but I would like to know.

MR. MCGUINNESS: This is something that the Council of the CIA has to determine for itself and I am not sure that it has decided on the answer yet. It may do it only in terms of the exams, or it may do it in the terms of the FAC. My guess is that it will wait till the FAC has been passed, thus adding that as an additional requirement. In order to get an FCIA, there is also an experience requirement, so the FCIA is not automatic on getting the FSA.

