



SOCIETY OF ACTUARIES

Article from:

The Actuary

November 1988 – Volume 22, No. 10



The Newsletter of the
Society of Actuaries

VOL. 22, NO. 10
NOVEMBER 1988

THE Actuary

Violation of examination rules

by Robert J. McKay

The Society of Actuaries has always maintained very high standards in the administration of actuarial exams. Unfortunately, we have noticed an increase in cheating incidents over the past couple of years.

Most incidents do not appear to be premeditated. However, we occasionally come across a very serious situation in which the candidate has deliberately planned to cheat. Recently a candidate paid another individual to write an exam for him. The candidate was barred from taking actuarial exams for life.

A serious and more common problem involves candidates who copy answers from other candidates during the exam. While still few in number, these incidents recently have increased. The Examination Committee usually finds out about alleged violations from the exam supervisor's report. Upon receipt of such a report, we make a thorough investigation. If we conclude the candidate copied one or more answers from another candidate's material, the cheating candidate's paper will be disqualified. In addition, the candidate will be prohibited from writing an actuarial exam for some period of time. In recent years, suspensions have been for at least two years.

Any candidate who cheats on an exam is sent a letter from the Chairman of the Examination Committee detailing the allegations and outlining any disciplinary action being taken. In such cases, the individual has a 30-day period to appeal the penalty by asking for a hearing before three Fellows.

Continued on page 3 column 3

The college credit controversy

(Ed. note: In October 1987, the Society's Board of Governors decided not to proceed with a proposal to accept college credit in lieu of Society exams for Level 1 [Parts 1 and 2] but to proceed on an experimental basis with a much more limited proposal for Level 2 subjects [Part 3] starting with the 1990-91 academic year.

The Board recently received the letter printed below, signed by 346 members [222 Fellows and 124 Associates]. Space limitations prevent us from listing all the signatories, but the covering letter to the Board was signed by Mark David J. Evans, FSA. The Board's response to this letter is given in a letter from Vice President Michael McGuinness.)

Letter of opposition

To the Board of Governors:
The Board of Governors' recent decision to grant examination credit on the basis of college courses is opposed by a significant proportion of the membership and contravenes the spirit, if not the letter, of the Society of Actuaries' constitution. We have grave concerns regarding the decision of the governing bodies of the Society of Actuaries to implement the Acceptance of Equivalent Credit for College Courses (AECCC) on an experimental basis. Under this experiment, some people would receive examination credit for Level 2 subjects by completing college courses, subject to various requirements.

Continued on page 2 column 2

McGuinness's letter

Dear Member:
Thank you for writing to the SOA Board of Governors to express your concern about its decision to implement Credit for College Courses (CCC) on an experimental basis. I am replying to your letter in my role as the Vice President responsible for all education matters.

Before I address the two specific points that you raise, I would like to clarify the difference between Level 1 and Level 2 CCC (as described in the FEM white paper) and to describe the process the Board went through to reach its decision.

Convinced that an experiment was necessary to substitute facts for

Continued on page 2 column 3

In this issue:

The college credit controversy _____	1	NCHS: More than mortality, life expectancy statistics	
Violation of examination rules		Manning Feinleib _____	8
Robert J. McKay _____	1	11th IACA Conference in Munich _____	9
Centennial year calls for celebration, contemplation		Analyzing employee benefit costs in mergers and acquisitions	
Ian M. Rolland _____	4	Everett Wong _____	10
Expert explains expert systems		SOA/COVARA AIDS Task Force	
Deborah Poppel _____	5	David Christianson _____	12
Editorial: The "blacksmith mentality"		Letters to editor _____	13
M. David R. Brown _____	7	Actucrossword, Actucrostic _____	15,16
Factuaries _____	7		

THE Actuary

The Newsletter of the Society of Actuaries

VOLUME 22, NO. 10
NOVEMBER 1988

Associate Editor responsible for this issue

M. David R. Brown



Editor

Linda B. Emory, F.S.A.

Associate Editors

Barnet N. Berin, F.S.A.
M. David R. Brown, F.S.A.
Daniel F. Case, F.S.A.
Richard K. Kischuk, F.S.A.
Irwin T. Vanderhoof, F.S.A.

Competition Editor

Charles G. Groeschell, F.S.A.

Features Editor

Deborah Adler Poppel, F.S.A.

Assistant Editors

Gary E. Dahlman, F.S.A.
Stephen H. Frankel, F.S.A.
Charles Habeck, F.S.A.
Curtis E. Huntington, F.S.A.
David S. Lee, F.S.A.

Society Staff Contacts

(312) 706-3500

Diana Montgomery
Staff Editor

Linda M. Delgadillo
Director of Communications

Correspondence should be addressed

The Actuary
P.O. Box 105006
Atlanta, GA 30348-5006

Copyright© 1988, Society of Actuaries

The Actuary is published monthly (except July and August) by the SOCIETY OF ACTUARIES, 475 North Martingale Road, Suite 800, Schaumburg, IL 60173-2226. Ian M. Rolland, President; Anthony T. Spano, Secretary; Michael J. Cowell, Treasurer; David A. Jeggel, Director of Publications. Non-member subscriptions: students, \$5.50; others, \$6.50. Send subscriptions to: Society of Actuaries, P.O. Box 95668, Chicago, IL 60694.

The Society is not responsible for statements made or opinions expressed herein. All contributions are subject to editing. Submissions must be signed.

Opposition cont'd

If a majority of the membership approved of AECCC, we would address our concerns in a different fashion. However, according to the FEM White Paper survey, the majority of the respondents (representing about 18% of the membership) responded negatively to questions concerning AECCC. The most direct question concerning this topic and the distribution of responses follow:

What effect would each of the following specific suggestions have on the education of actuaries?

	Level 1 College Courses	Level 2 College Courses
Significant Improvement	6.0%	6.8%
Some Improvement	34.7%	38.2%
Somewhat Negative	38.1%	34.6%
Detrimental	21.2%	20.4%

Level 1 college courses apply to the old Parts 1 and 2. Level 2 courses are those where certain aspects may not easily lend themselves to multiple-choice examination, such as those instances where a computer is frequently used to solve problems. These courses include Operations Research, Applied Statistical Methods, and Numerical Methods.

Quite telling about the survey response is that about 20% of the respondents were strongly negative while only 6%–7% were strongly positive. What was the purpose of the survey if you plan to proceed with AECCC despite the negative reaction received? Furthermore, two former presidents of the Society, Richard S. Robertson, FSA, and Harold G. Ingraham, FSA, have said or written publicly in an official capacity that such changes should not be made without the strong support of the membership.

There is also a constitutional concern with AECCC. You appear to be acting in violation of the intent and spirit obtained from a plain reading of Article III, Section 2, subsection c of the Society of Actuaries' constitution regarding the waiver of examinations. If the Board chooses to continue in this direction, we suggest that the Board propose an amendment to the constitution that would clearly allow AECCC. If the amendment effort is successful, then the Board can proceed, knowing they are not

violating the wishes of the majority or the constitution.

In conclusion, we protest the Board's actions for the two reasons. First and foremost, you are not acting democratically by proceeding with this experiment against the apparent wishes of the majority of the membership. Second, it is not clear that you are adhering to the Society of Actuaries' constitution. We feel a high degree of frustration, not only because we disagree with AECCC, but also because we have significant concerns about the propriety of the Board's handling of this matter. Accordingly, we the undersigned members of the Society of Actuaries respectfully petition the Board of Governors to rescind the Board action that authorized the waiver of Society examinations on the basis of college courses until such waivers have been authorized by the membership.

Sincerely,

(Signed by 346 SOA members)

McGuinness cont'd

impressions, the Board voted unanimously to authorize an experimental program of Level 2 CCC. The topic was clearly of concern to some of the membership. The Board was also convinced that CCC (if the experiment is successful) will lead to better-educated actuaries and thus enhance the value of the FSA designation.

The Education and Examination Committee originally proposed two levels of CCC. Level 1 CCC was proposed as an alternative to Courses 100 and 110 (the old Parts 1 and 2). This would have replaced the current procedure, which accepts a sufficiently high score on the Mathematics Graduate Record Exam in place of Course 100. Level 1 CCC was designed to shorten travel time for high-caliber students who had not taken any SOA exams. It would allow them to receive credit for Courses 100 and 110 if they had taken courses covering these subjects in most North American colleges and universities and could demonstrate proficiency in passing exams by their progress through the later Associate-ship exams. Level 1 CCC was designed to reduce some students' travel time to ASA rather than for its educational value. In response to concerns expressed both at the Board and membership levels, the E&E and Education Policy committees voted to defer consideration of CCC Level 1. Before submitting FEM to the final

Continued on page 3 column 1

McGuinness cont'd

Board discussion, the committees proposed implementing Level 2 CCC on a trial basis only.

Level 2 CCC (as proposed by E&E and approved on a trial basis by the Board), on the other hand, will be available only from North American colleges and universities that have had specific courses precertified by the SOA. To be precertified, a course must cover the appropriate material and give students a better education than possible through our traditional self-study methods. If the experiment is successful, we anticipate that students who take this route will be better able to effectively use mathematical tools such as applied statistics, operations research, etc.

Level 2 CCC is carefully designed to prevent abuse. All the following conditions must be satisfied for an actuarial student to receive Level 2 CCC:

- The college or university must be approved by the SOA.
- The course content, teaching methods, and instructors must be approved by the SOA. Two administrations of the same course must have occurred before it will be approved.
- Expected and actual grade distribution must be furnished to the SOA, and credit may be withheld if unexplained "grade inflation" occurs.
- The student must obtain a B grade; it is quite possible the SOA may require a higher grade if the expected grade distribution warrants it.

In addition, the Board expects an initial and detailed evaluation of the trial Level 2 CCC program after two or three years. It cannot be extended indefinitely by the E&E Committee.

The Board initially considered the FEM proposals in May and October 1986, and they were discussed at every 1987 Board meeting. The Board approved the release of the FEM White Paper in January 1987 to solicit membership response. Between Board meetings, the proposals were discussed at length by the Education Policy Committee and the E&E Committee and were refined as those committees received Board and membership input.

The final Board discussion in October 1987 recognized that members' opinions about CCC varied widely. However, the Board approved unanimously implementing Level 2 CCC on a trial basis because it was convinced that further discussion

would not shed more light on this subject and that everyone who wanted to be heard had been heard. The Board will closely monitor the experiment. If the experiment is not a success, the Board will withdraw its approval of future CCC.

Your letter raises two specific points. You state that college credit violates the intent and spirit of Article III, Section 2, subsection c, of the SOA Constitution. This subsection was intended to be, and is, applicable only to the waiver of SOA examinations for a candidate who has passed examinations required by another recognized actuarial organization. Clearly this subsection is not applicable to the current situation.

Article III, Section 2, subsection a, states that an applicant for Associateship must "...pass the examinations prescribed by the Board of Governors...and...comply with any further requirements the Board of Governors may prescribe." The Board has acted in accordance with this subsection of the Constitution and approved ASA FES at its May 1986 meeting. Under ASA FES a candidate may obtain credit for certain ASA courses either by meeting the requirements prescribed by the Board for Level 2 CCC or by SOA examination.

You also state that the SOA has acted undemocratically because it did not put college credit to a vote of the membership. The Board of Governors is democratically elected to conduct the business of the SOA. (The Constitution refers to the management of the SOA being vested in the Board in Article IV.) Many issues that come before the Board require careful thought and discussion, followed by action. If the Board put every controversial issue to a membership vote, it would not be carrying out the function and the leadership required of it.

I would like to reiterate that the Board acted democratically and within its prerogative in approving the experiment for Level 2 CCC. It did this only after careful consideration. It believes that the experiment will be successful and will improve the quality of future actuarial education. However, if the experiment is not successful, the Board will withdraw its approval of future college credit.

Once again, thank you for your letter.

Sincerely,

Michael B. McGuinness
Vice President, Society of Actuaries

Violation cont'd

Another problem involves candidates who continue to answer items after time has been called. Typically this occurs on multiple-choice exams. If we receive a notification from the exam supervisor that this has occurred, generally the paper is disqualified. The candidate is given a score of zero and warned that a repeat incident will involve further disciplinary action. During a recent exam, a candidate had two papers disqualified for failing to stop writing. This individual was repeatedly warned by the exam supervisor to stop and refused to do so.

Since the introduction of calculators on actuarial exams, we have encountered a few students who insisted on using their own calculators, instead of the Society of Actuaries' model, even after the supervisor informed them that the calculator was not allowed. Papers from students who use other than the Society's basic four-function calculator are automatically disqualified.

The E&E Committee wants to ensure that everybody writing the actuarial exams is subject to the same rules. We will continue to vigorously investigate alleged violations of rules so that nobody receives an unfair advantage.

Robert J. McKay, Chairperson of the SOA Examination Committee, is a Partner, Hewitt Associates.

THE FAR SIDE

By GARY LARSON



Midway through the exam, Allen pulls out a bigger brain.

THE FAR SIDE © 1986 UNIVERSAL PRESS SYNDICATE.
Reprinted with permission. All rights reserved.