



SOCIETY OF ACTUARIES

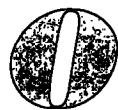
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# Disciplinary action for SOA exam candidates

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Over the past few months, major U.S. and Canadian newspapers have reported on what appears to be a significant change in the ethics of high school and university students. This news creates a concern that, in general, students are responding to a more competitive employment market by resorting to unethical practices to gain an advantage. In the actuarial profession, our concern must extend beyond the issue of unfair advantage to the question of whether an individual who believes that it is acceptable to cheat on an examination also might take unethical advantage of his or her professional position for personal gain.

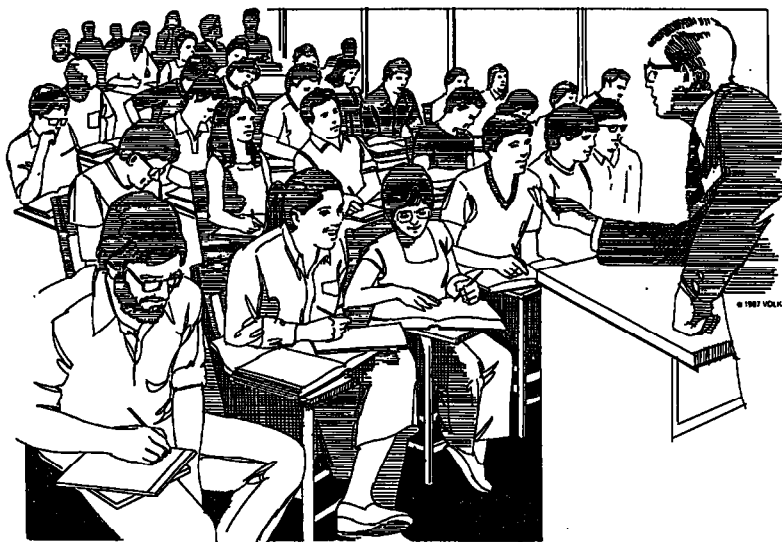
This article should not be read as sounding an alarm. The vast majority of our candidates behave entirely appropriately in writing examinations. Nonetheless, we must be concerned with the few who violate the examination rules.

## Infractions and penalties

Cheating does occur in actuarial exams, though the incidence is very low. Not all infractions are equal in severity, and penalties vary accordingly. Penalties include:

- A warning, where conclusive proof is not possible but strong suspicion exists
- Disqualifying an examination for a simple infraction, such as writing after time has expired
- Disqualifying or rescinding credit for one or more examinations and being barred from writing examinations for a specified time period or for life. This penalty category is reserved for very serious violations.

The Education and Examination Committee is diligent and persistent in investigating breaches of examination guidelines. The catalogs, instructions sent to candidates with tickets of admission, verbal instructions at the beginning of each examination, and instructions on each exam cover include information on proper exam conduct. The guidelines are comprehensive in what can and



cannot be done during the examination.

Most infractions are minor, such as writing beyond the allotted time for an exam. The rules for this are explicit, and the penalty, disqualifying the examination, is automatic. No attempt is made to determine whether the candidate was filling in ovals, erasing ovals, or even making sure prior erasures were complete. Whether a disqualified exam would have earned a passing or failing grade is not considered.

More serious, but less frequent, are cases of a candidate observed copying from another candidate or using notes brought into the exam room. As with less serious incidents, the supervisor or proctor usually notes and reports the infraction, although occasionally another candidate will report an incident. How certain the supervisor or proctor is about what was observed plays a major part in determining whether the Examination Committee will penalize the candidate. In these cases, the penalty is more severe, and the candidate is barred from writing any actuarial exams for at least two years.

The most serious cases involve cheating that is premeditated and sustained. These cases are dealt with harshly and may result in the rescission of credit for multiple exams and a lifetime ban on writing exams. Occasionally a proctor identifies some activity that alerts the E&E Committee to review a candidate's examination. Candidates who believe that another

candidate is getting an unfair advantage also may report infractions of this type.

Though infrequent, some extreme cases involving candidates taking advantage of the examination system have occurred. These have ranged from candidates misrepresenting their situation to be allowed to write the exam under preferred circumstances, to candidates having someone else take the examination for them, to candidates sharing answers on a series of examinations over an extended time.

If the candidate under suspicion wrote several exams during that session, all those exams are reviewed. If strong evidence of collusion between candidates or an extensive pattern of cheating exists, the review would be extended to prior exam sessions.

The investigation will go through several levels of review. If enough evidence exists to support the charge, the candidate is notified of the allegations, the E&E Committee's findings, and the standard penalty being invoked.

## Investigation process

Candidates charged with a violation that involves a penalty beyond disqualification of an exam are offered the opportunity for an administrative hearing. The hearing panel consists of three Fellows which the candidate selects from a list of potential hearing Fellows. The candidate can bring a lawyer to the hearing. The Examination chairperson, the education executive from the SOA

staff, and legal counsel represent the E&E Committee. The Society usually will call one or more of the staff education actuaries as expert witnesses and may call in the supervisor or proctor for the exam. The candidate also may call witnesses, and all present can question the witnesses. The hearing offers the candidate the opportunity to present his or her case and to allow the hearing panel members to determine if the charges are justified. Although not as rigorous as a trial, the session is recorded and transcribed. The decision of the hearing panel is final.

#### **Cheating incidence**

In 1991, as many as 17,500 candidates wrote SOA examinations in any one session. Examinations taken totalled 60,400 that year. Because so many opportunities existed for violations to occur, it is reassuring that only 29 candidates had one or more exams disqualified, with only 10 others banned from writing SOA exams for a period.

Three appeal hearings stemming from 1991 actions have been held this year. In one case, the hearing panel reversed the decision of the E&E Committee, based on evidence presented at the hearing. In the other two cases, affecting three candidates, the panel sustained the E&E Committee's decisions. One candidate was barred from writing for three years, and the other two have been banned for life from writing SOA examinations. As this article was being written, another hearing was pending.

An important point is that the E&E Committee's primary concern is to provide all candidates with fair and consistent treatment. That is one reason for the considerable attention given to examination violations. Despite the very low incidence of such violations, it is important to ensure that candidates do not gain an unfair advantage through major or minor rule violations. Anyone who becomes aware of a violation should call or write the SOA office immediately. The integrity of the examinations is critical to the reputation and success of our profession.

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#### **E&E developments cont'd**

designation. A few candidates have received that credit.

Our policy on granting credits for exams of other bodies is restrictive, so it does not provide an easier route for students seeking exam credit. By waiving exam requirements for people who clearly have shown mastery of the subject, these procedures should help us attract new types of members to the profession.

We also have provided for elective credit for Casualty Actuarial Society (CAS) exams at both the ASA and FSA level. That, combined with CAS's segmentation of its exams, will make it much easier for students to learn about property and casualty subjects. This should be of particular interest to actuaries working for employers active in both areas.

#### **FES developments and results**

The FES system has been fully implemented for Fellowship exams. As with the Associateship exams, we will monitor results under this program and monitor its effect on travel time to the FSA designation.

The FES approach offers students much greater flexibility in structuring their study time to be compatible with varying career pressures and goals. It also provides the Society flexibility to change the education structure easily, without the transition problems common in the past. Some examples of this include:

- Restructuring the individual life and annuity courses to allow Canadian students to be tested more extensively on valuation subjects. FES allowed us to adjust only those parts of the syllabus that were affected, leaving the others undisturbed.
- We have added new electives on important emerging topics. For example, the health policy elective and three new investment elections recently were added to the group track. Two additional investment electives now are near completion.
- We are restructuring the core exams to remove property and casualty materials and substantially increase the investment content.
- We also are adding a new finance track to the existing three tracks.

#### **Other education developments**

With a shift to the FES system, a separate education committee structure was developed to focus on

maintaining and upgrading the syllabus. In the past, this work sometimes lagged because of the more pressing demands of administering examinations.

Several steps have been taken to upgrade investment education. Many of these steps have been suggested and endorsed by high-level Society task forces, such as the Task Force on the Actuary of the Future and the Investment Track Task Force. The changes include updating and strengthening Course 220 material and adding 15 more core credits on investments. Six advanced investment electives were developed on a very fast track by the Investment Course Content Committee. One of those has been adopted to strengthen the core, and two others will be used to form the new finance track to be introduced this year.

The Fellowship Admissions Course (FAC) is another important innovation. Its use of case studies on integrated problem solving and ethics has enabled important subjects to be covered that are difficult to address well in self-study examinations. The contact with other new Fellows and with senior members of the profession will help preserve the values of our profession.

#### **Other examination developments**

We have experimented with several creative approaches to make the examination process focus more on conceptual questions and less on memory. Long case-study questions have been introduced on a few exams. In some cases, text material is reproduced and distributed with the exam to move away from pure memory questions.

Substantial efforts have been made to improve the examination grading and pass-mark setting processes. New training programs for volunteer members of the E&E committees have been developed. Modern approaches to analyzing exam results and equating results of different examinations have been adopted where practical.

#### **Future directions**

We will continue to strengthen the E&E system and to enhance its value to the profession. New courses will be introduced, and significant changes in courses will be made where appropriate. We also need to review our examinations and consider pruning those

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