



SOCIETY OF ACTUARIES

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# Finance Track is a step forward into new area

by Richard S. Mattison

The Finance Track in the Society's Education and Examination system has been up and running for almost two years now. This track was more than four years in the making, and its development involved dozens of volunteers. Robert Stapleford, the chair of the Education Committee, has been instrumental in developing this track; his diligence and leadership guided the project from idea to reality.

The process began with the goal of developing an Investment Track. Many ideas surfaced and were developed, discussed, and debated. As we explored our profession's level of comfort in moving too far beyond our familiar professional turf, the Investment Track idea evolved into a Finance Track. Thus, the Finance Track reflects both creativity and compromise. The required finance courses provide new actuaries with a strong financial background. The investment electives provide a basis for developing an Investment Track in the future as opportunities emerge and position the profession to be better prepared for solving a broad spectrum of financial risk problems.

## Why was this track needed?

The products and the organizational structure of insurance companies have grown increasingly complex. Companies are becoming part of larger financial organizations. For example, an insurance company may be a subsidiary of a parent holding company that also owns a property/casualty insurance company, a bank, a consumer lending company, a brokerage firm, and nonfinancial subsidiaries.

In this new world, the actuary, as a financial risk problem solver, has opportunities for employing specialized knowledge and skills beyond those developed in our traditional product-

oriented tracks of Group and Health Benefits, Individual Life and Annuities, and Pensions. The Finance Track is intended to position future actuaries to compete successfully for these new opportunities.



## What courses are in the Finance Track?

Preparation for the Finance Track begins with two of the four Core courses: 220, Introduction to Asset Management and Corporate Finance; and 230, Principles of Asset/Liability Management.

For 1995, the Finance Track includes the following required courses:

- F-385, Financial Management — This course covers the basics of valuation of liabilities and financial management for life insurance companies.
- I-442C and I-443U, Advanced

Topics in Valuation and Financial Reporting — These two courses, one Canadian specific and one U.S. specific, cover advanced topics in life company taxation, financial reporting, valuation and solvency management.

- F-580, Corporate Finance — This course covers such topics as capital structure, agency theory, mergers and acquisitions, and corporate structures. It includes Study Notes on the amount of leverage a firm can support, on demutualization and mutualization, target surplus/risk based capital, and corporate accounting issues.
- F-585, Applied Corporate Finance — This course covers investment banking, financial risk management of other types of financial institutions, and raising capital, with emphasis on the banking industry and corporate governance issues.
- F-590, Corporate Strategy and Solvency Management — This course covers solvency management, rating agencies and guarantee associations, and strategy management.

The Finance Track offers the following elective courses:

- F-480, Derivative Securities Theory and Application — This course covers option pricing theory, stochastic calculus, multivariate analysis, and applications of techniques to real problems.
- F-485, Advanced Portfolio Management — This course covers advanced readings in the capital asset pricing model, asset allocation, portfolio insurance and dynamic hedging, and international markets. Study Notes include articles on real estate, venture capital, benchmark portfolios, and managing foreign currency exposure.

F-595, Applied Asset/Liability Management — This course, new for fall 1995, focuses on a growing area of employment for the actuarial profession. This course will include Study Notes and texts that emphasize asset/liability management techniques for pension plans and life insurance companies.

The commitment and effort that went into developing this new track are

clear indicators of our profession's intent to be viable and growing in the future. We have to adapt to our changing environment. We have to improve our tools, skills, and knowledge so that our profession can be an active participant in tomorrow's financial risk management business. The Finance Track is a significant step forward for our profession.

**Richard S. Mattison is a corporate actuary at the Paul Revere Insurance Group in Worcester, Massachusetts, and was an education actuary at the Society of Actuaries when the Finance Track was developed.**

## New Academy executive director named

**W**ilson W. Wyatt, Jr. became the executive director of the American Academy of Actuaries on January 30, 1995.

"We are enthusiastic about adding Wilson to our team of staff and volunteers," said Academy President Chuck Bryan. "He is a bold and dynamic leader with a proven record in public policy issues. His aggressive leadership

will propel the Academy to even greater prominence as the public policy voice of the actuarial profession, as outlined in our five-year strategic plan."

Most recently, Wyatt was senior vice president of corporate communications at the Travelers Insurance Companies, where he managed all communications and government relations activities. He served in senior level positions at PNC

Financial Corporation, BATUS, and other organizations. He spent several years in Washington, D.C., directing the Washington public policy office of BATUS. In addition, he served as a state senator in the Kentucky General Assembly from 1969 - 1971 and was a reporter for the *Louisville Courier Journal* from 1965 - 1967.

## Academy announces new public service award

**T**he American Academy of Actuaries has established the Robert J. Myers Public Service Award to honor an actuary who has made an outstanding contribution to the common good through service to government or another public organization. By honoring the achievements of an individual actuary, the award spotlights the substantial benefits that the general public derives from the work of the actuarial profession.

The award is named for Robert J. Myers who, as chief actuary of the U.S. Social Security Administration, was instrumental in creating and maintaining a sound Social Security system. Myers has served as the president of the Society of Actuaries and the Academy.

The Academy Board of Directors will select the 1995 Myers Award

recipient on the recommendation of the Committee on Actuarial Public Service. The award will be presented at the Academy's Annual Meeting in October 1995.

Nominations may be sent to:

Robert J. Myers Public Service Award  
Committee on Actuarial Public Service  
American Academy of Actuaries  
1100 Seventeenth Street, NW  
Washington, DC 20036

Alternately, you can fax your nomination to the Academy at 202/872-1948. Please include your name and telephone number, along with a brief statement of how your nominee has contributed to the public good. You may be contacted to discuss your nominee. Nomination deadline date is March 1, 1995.

