



SOCIETY OF ACTUARIES

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# Actuary

## A look at E&E: From the past to the future

by Roy Goldman

The American Society of Actuaries was formed in 1889 by a group of practicing actuaries to discuss common interests. At first, membership was awarded on a near-unanimous vote. If the current Society members did not know the candidate, that person had to present a research paper. Just three years later in 1892, a constitutional amendment was proposed to allow candidates to become an associate or a member of the Society by taking examinations. This amendment was adopted in 1896 and, from that time on, North American actuarial societies have had as their mission educating and examining future actuaries.

Since 1896, the profession has continually reviewed its education of actuaries. The timeline that begins on page 4 shows some of the major decisions along the way. Education remains a very important part of the Society of Actuaries (SOA) today. Its mission statement indicates that the SOA is an educational, research, and professional organization. One of the four general objectives of the SOA is education, with the explicit goal of providing basic and continuing education in actuarial science and currently applied practice.

Over the years, the role of education and examination has evolved to be a large, complicated, and successful part of the SOA. Currently, more than 600 Fellows volunteer on either the education or examination side. During 1993, 55,000 examinations were

created and administered in 79 different courses. In addition, four Fellowship Admissions courses and eight intensive seminars were given, and a research paper program was administered.

The principles underlying the E&E system all focus on education and all include an explicit reference to the future. The examinations are used as an educational tool. New forms of testing and grading have been developed to emphasize the understanding of the syllabus material, rather than memorizing and strategizing. The result is that a current new Fellow will have been tested in about 22 courses, from calculus to the most detailed U.S. or Canadian regulation. The new Fellow will have:

- A knowledge of general and actuarial mathematics and statistics
- A basic knowledge of design, pricing and valuation of individual life and annuities, group benefits, and pensions
- A basic knowledge of investments, portfolio management, and asset/liability management
- A U.S. or Canadian specialty in one of the tracks: individual life, annuities, group benefits, pensions, or finance
- An exposure to some advanced topics in a non-specialty area

The current E&E system has met its goal of educating a new Fellow.

### Board Task Force on Education

The SOA's Board Task Force on Education, established in 1994, is

considering what the educational goals for the future should be and how those goals can best be attained. We need to ask ourselves how well we are preparing a new Fellow to be successfully employed as an actuary over the next 30 years. Are we producing Fellows with broad skills sufficient to work in

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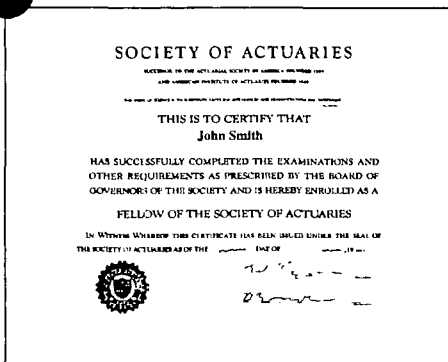
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## 1984-85

Task Force on the Value of the FSA: "The value of the FSA rests on the ability to perform useful work and get paid for it. [It] has not kept pace with changing times. We need greater competence in problem identification, dealing with unstructured situations, applying inter-disciplinary approaches, communications, and conceptualization. For current members, we should provide skill-building. For future members, we should select and train for these skills."

## FES/FEM

## 1987-88

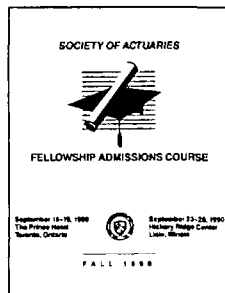
Flexible Education System and Future Education Methods introduced.



## 1988

Task Force on the Actuary of the Future: "The intellectual core of the actuarial profession is the evaluation of

current and future financial implications of future contingent events. Looking at actuaries in 2010, we see a broadening perspective. The businesses we serve extend well beyond the insurance and pension focus of 1990."



## 1990

Fellowship Admissions Course added as a final FSA requirement.



## 1991

The Actuary of the Future Task Force Plan to Develop Nontraditional

Opportunities for Actuaries: "The Society's examination content should be reviewed and revised to spotlight

the potential for actuaries beyond the historic insurance, employee benefit and consulting environments... The Society should establish a Financial Track to emphasize the broader financial principles essential to the future of the actuarial profession." [Finance Track was implemented in 1993.]



## 1994

Board Task Force on Education formed to define and articulate the distinctive competencies actuaries need for the future, how best to educate and examine for them, and to focus on distinction between basic education and continuing education needs.

## A historical look at E&E (continued from page 1)

new fields? Do we have the right cut-off point between basic and continuing education?

These are not new questions. History shows that North American actuarial societies have had these concerns for nearly 90 years. As you will see in the timeline with this article, fundamental concerns have surfaced with some regularity. However, over the past 10 years, at least four different task forces have urged a change in the Society's education goals. During

1995, the Board Task Force on Education will communicate with the membership about the appropriate direction for actuarial education in the future and will be actively soliciting ideas. Sessions at the 1995 spring meetings provide the first organized vehicles for gathering this input. A special report to the membership will be sent out this summer to provide information and again invite reaction and comment.

Roy Goldman is senior vice president, chief financial officer, and chief actuary of the Group Department of The Prudential Insurance Company of America in Roseland, New Jersey. He has served 14 years as a volunteer in the SOA's E&E system and was the 1993-94 E&E general chairperson. He now serves on the Board Task Force on Education.