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# CERA

## GOES GLOBAL

BY CHAUNDRA MCGILL

**HISTORY WAS RECENTLY MADE** in India. The SOA's Chartered Enterprise Risk Analyst (CERA) credential was accepted globally, bringing more prestige to those who have achieved a CERA designation.

In November 2009, 14 actuarial organizations from around the world converged in Hyderabad, India, signing a global treaty establishing the CERA credential as the globally recognized enterprise risk management (ERM) credential. This is the first time in any profession that multiple organizations have banded together to offer their members and candidates a specialized credential. This is the second time the Society of Actuaries has made history with the CERA credential.

The first time was in 2007 when the SOA launched the CERA credential, the Society's

first new designation in 58 years. The SOA's vision for the credential was to broaden the reach of the actuarial profession and provide the global marketplace with a preeminent standard of ERM practice. "Our profession is relatively small, compared with, say, accounting, or other professions that may provide risk advisory services," explained Mike McLaughlin, FSA, CERA, president of the SOA. "Although we are highly trained and well recognized, we work mostly in the insurance sector. As we grow in number, we can reach outside the insurance sector, expanding into broader financial services and other industries."

The signing of the global treaty is a major historical event for the actuarial profession. SOA leaders collaborated with the like-minded leaders of participating actuarial organizations to broaden this vision. "This move is a strong endorsement by the global actuarial profession of the need for an international ERM credential," said McLaughlin. "It sends a strong message to employers and candidates that the skill set of actuaries provides



GERMANY





significant insight and risk management expertise, especially in this time of increased globalization.”

Globalization was indeed a key impetus in the creation of the CERA credential. The landscape of risk management has become more complex, primarily due to businesses expanding their operations beyond the confines of one country or continent. Internationally, actuaries identified the need in the marketplace for ERM expertise based upon the fundamentals of actuarial science. The global financial crisis reinforced the need for proper risk management to mitigate economic catastrophes, only increasing the sense of urgency. “The financial crisis has shown us that we are truly working in one world,” said Dave Ingram, FSA, CERA, senior vice president at Willis Re, Inc. “What occurs in one part of the world impacts the rest of the world.” So what better way to accommodate the increased globalization and need for ERM best practices in the marketplace than the actuarial profession responding in kind?

## THE GLOBAL TREATY IS MUCH MORE THAN 14 ACTUARIAL ORGANIZATIONS AGREEING ON A COMMON SET OF STANDARDS. ...

The Global Enterprise Risk Management Designation Recognition Treaty itself embodies the crucial tenets of ERM: holism, integration and focus on the future. The global treaty is much more than 14 actuarial organizations agreeing on a common set of standards to render a singular credential. It is an inflec-

tion point in the evolution of the actuarial profession. The participants of this treaty, as stated in its preamble, “consider that developing and facilitating the international mobility of members of the actuarial profession and the exchange of ideas, knowledge and actuarial scientific experience will lead to a more capable, robust and influential actuarial profession.” This consideration demonstrates the value of each participating organization’s insight and contribution to the further development of ERM knowledge and best practices, propelling the actuarial profession as leaders in the global ERM arena. Furthering this commitment to ERM and the profession, the participating actuarial organizations utilize the four fundamental elements of a successful integrated ERM framework: Strategy, Operations, Reporting and Compliance.\*

### STRATEGY

In order for an organization’s ERM program to thrive, it must encompass high-level goals that align with its mission. The primary objectives of the global treaty are to facilitate free movement of actuaries internationally and increase the influence of the actuarial profession in

the sphere of ERM. This agenda is affirmed by Francis Sabatini, CERA, the SOA representative to the Global Steering Committee. “The credential will be recognized globally, which is very significant because it will allow CERAs to continue practicing all around the world, but with an increased recognition,”

said Sabatini. “One of the SOA’s objectives for the CERA is to increase the number of credential holders. This will further motivate fellow actuaries to obtain the credential.”

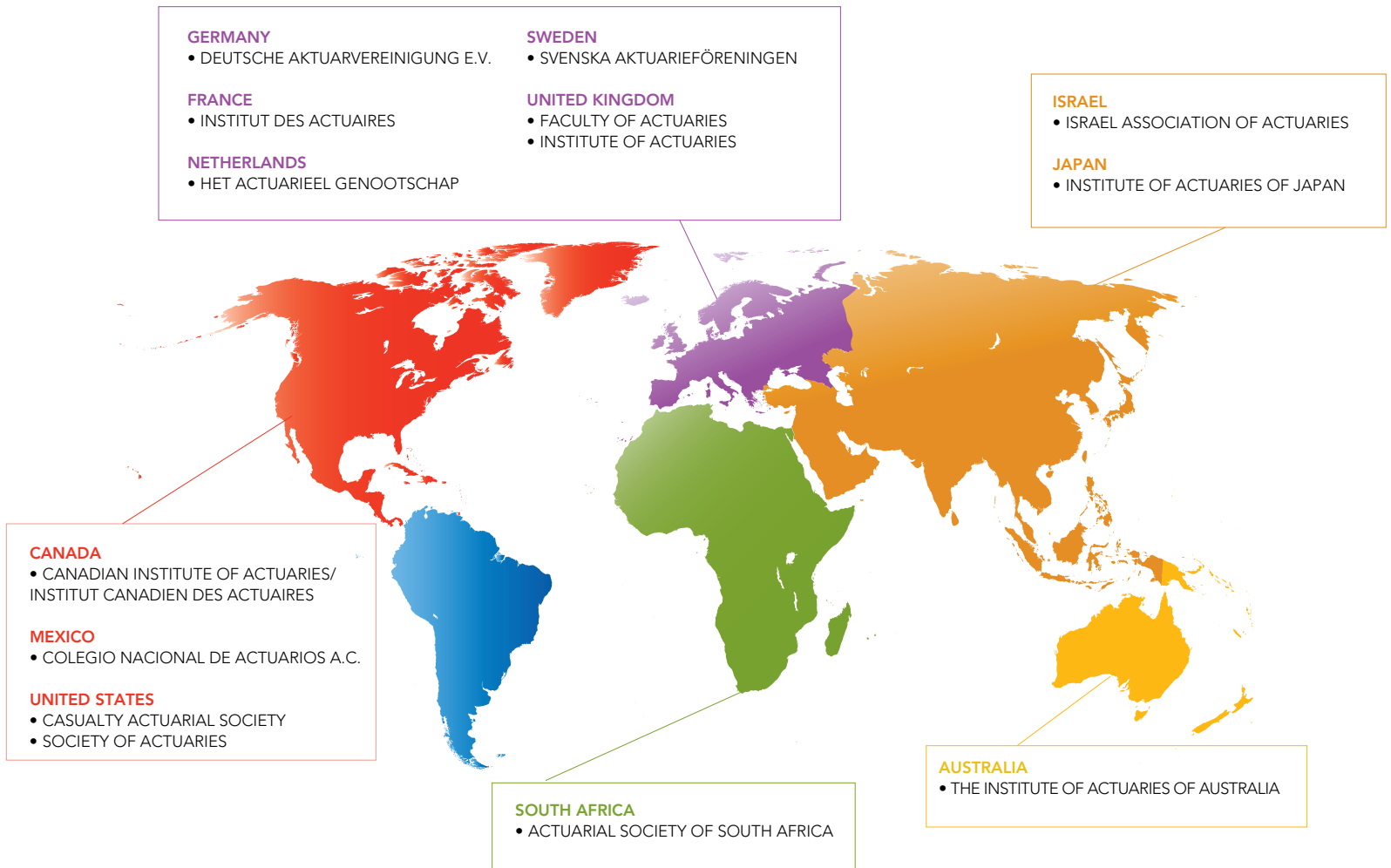
### OPERATIONS

To ensure the effective and efficient use of resources, a Treaty Board has been established. Each of the participating actuarial organizations will be represented by an appointed member, who will serve a three-year term. “The SOA will be actively participating in establishing and maintaining the governance of the new global credential,” said Sabatini, who will serve as the SOA’s first Treaty Board member. “All participating actuarial organizations involved in creating the global credential were proponents of strong governance around expansion of the credential. We will have an active role in maintaining quality and managing the CERA brand.”

### REPORTING/COMPLIANCE

A Review Panel has been established to ensure a strong quality assurance program in accordance with the global treaty to maintain the value of the CERA credential. The initial evaluation process, conducted by trained external reviewers, will include review of participating associations’ processes used in qualifying candidates for the credential and a thorough review of the learning objectives, syllabus and learning materials on which the award will be based. This initial process will be followed by an annual review, which will include testing processes, pass rates and an assurance of quality process. To further ensure the quality of the credential, an in-depth review will be conducted every three years. Each participating organization will not only abide by the educational standard

## THE TREATY ORGANIZATIONS




set forth by the global treaty, but the brand strategy for the credential.

Upon the launch of the CERA credential, the SOA established a brand strategy to ensure that the credential is recognized as the preeminent standard of ERM expertise. The global treaty reinforces the importance of an internationally consistent, yet locally responsive brand approach by requiring all participating actuarial organizations to comply with the established brand guidelines. This branding effort will deliver a clear, consistent message internationally, but will also strengthen the credential's brand recognition in the North American market as three additional actuarial organizations—Canadian Institute of Actuaries, Casualty Actuarial Society, Colegio Nacional

de Actuarios A.C. (Mexico)—will promote the CERA credential brand.

“The SOA will benefit from a stronger brand and increased intellectual capital,” said McLaughlin. “We’ve already gained global recognition for our pioneering role in creating the CERA credential. We are now also learning from other actuarial organizations. For example, as ERM learning objectives evolve, over time we are likely to add content related to property and casualty risks to our CERA syllabus. This will further enhance our credential.”

The new global CERA credential not only provides a platform for increased learning among actuaries, but will help alter the view of actuaries. “Actuaries will have a world-

wide perspective on enterprise risk management and can be acknowledged as ERM leaders around the world,” said Ingram. “This will help actuaries to be viewed as one united profession.” 

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\*The integrated enterprise risk management framework referenced was issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to help businesses and other entities assess and enhance their internal control systems.



**SWEDEN**