

## **Future Education Methods Summary of Member, Candidate and Employer Comments November 9, 2009**

As you may be aware, the Society of Actuaries (SOA), along with the Canadian Institute of Actuaries (CIA) and the Casualty Actuarial Society (CAS), has reviewed a Future Education Methods (FEM) concept. As background, in early 2006 the CIA formed a Task Force to Recommend a Future Education Model. Its report on what is now called Future Education Methods was accepted by the CIA Board in early 2008. The SOA and the CAS have discussed this idea with the CIA since early 2008. As part of the evaluation, the three organizations asked for member, candidate and employer feedback. More than 1,000 comments were received from SOA, CAS and CIA members, candidates and their employers during the comment period. We thought you would be interested in a summary of their feedback.

### **Comments Received**

*This section provides a review and narrative of the comments received. Themes from these comments are summarized below.*

Three views.....

“I believe that it is imperative that we build a much stronger academic branch to our profession, and that is virtually impossible to do without granting universities a stronger role in the education of our members. I personally think that all attempts to position our profession as the experts in risk analysis and management will fall short until we have a robust academic branch that conducts research, publishes, and provides “independent” analysis to the world.”

“As with many proposals, it feels like the conclusion was drawn (the need for accredited universities) then information provided to support the conclusion. I would have preferred to have the information and facts gathered first and then the conclusions drawn. I have the sense that the board is trying to fix a problem that doesn’t even exist.”

“This proposal would create an uneven playing field benefiting those who happen to attend these accredited universities and those who could not. It would also remove objective measures in place of subjective measures, which seems to be in direct conflict with the very motto of the SOA: *The work of science is to substitute facts for appearances and demonstrations for impressions - Ruskin*. Due to the subjective nature, the credential would be devalued as consistency could not be assured. For these reasons, I urge you to not pass the August 14th, 2009 proposal regarding Future Educational Methods.”

From the more than 1,000 comments received from members and candidates of the CIA, CAS and SOA, and from employers, consistent themes emerged. These themes are summarized below. Comments against the proposal are summarized first, as a majority (84%) of responders was not in favor. It should be noted that the comment set,

while very powerful, may not be a representative sample of members, since it is possible that those who are most opposed to the proposal are more likely than those who favor the proposal or are indifferent to provide comments.

We describe the comments in terms of the SOA examinations and the ASA and FSA designations, but the comments actually provided applied to the SOA, CIA, and CAS, and their respective examinations and designations. Statistics about the number of comments received by organization, and by position on the FEM proposal, are provided at the end of this section.

## **Summary of Themes**

### **Comments Opposing the Proposal**

Seven themes were identified as predominant among those who were opposed. Many responses incorporated more than one of these themes. They are presented with the more common themes first.

#### *1. The current exam system is the most fair*

Elements of fairness often cited were that the testing environment is controlled, grading is blind, and most important, every candidate takes essentially the same exam with the same grading and same pass mark. Each university exam will be different and it will be difficult to create an environment in which there is no pressure brought to bear on the instructor to give a passing grade.

#### *2. The current exam system is the most rigorous*

Because the same exam is used for all candidates it is possible to ensure that only truly qualified candidates pass. There is a fear that the controls put in place under FEM will not be sufficient to maintain the high standards of the profession.

A second version of this theme is that the dedication required to succeed in the current system has inherent value. It demonstrates a commitment to the profession and personal characteristics that employers value.

#### *3. The proposal will devalue the credential*

There are several different ways in which this theme was explained. One is that there will be many more ASAs and that alone will lower the value because there will not be sufficient demand for the increased numbers. Another is that ASAs will not be equipped to pass the FSA exams, creating more career ASAs of lesser accomplishments. Without more exams, employers will have a harder time discriminating between applicants, and thus end up hiring many who will not be successful. A final view is that the ASA will be viewed as a minor add-on to the university degree and not as a credential that formerly implied practical experience.

There is often an assumption in this theme that those receiving exemptions will be inferior to those who have passed exams and thus the profession will be confronted by job seekers with more exams but lower abilities.

*4. The reasons articulated for needing FEM are not valid*

There is no shortage of qualified candidates, so increasing the numbers is not meeting a current need. Travel time does not need to be made shorter, particularly if it means applicants with many exams but limited experience. University programs are already producing quality graduates and do not need to be strengthened. Some of the objectives can be met through simpler changes such as offering examinations more frequently and others through an accreditation program that is not linked to exam exemptions.

*5. Students attending an accredited university will have an unfair advantage*

With the limited number of such universities, many students will not have easy access to them. It may cause schools with decent, but non-accredited programs to stop teaching actuarial courses.

*6. If the university course is good enough for an exemption, students can pass the exam anyway*

Particularly with the increased frequency of exam administrations, there should be little delay between when a top student completes the course and passes the exam. Universities should stick to their role of preparing students to succeed.

*7. It is not possible to implement FEM consistently across universities*

This is similar to theme 1. There is a challenge to monitor the syllabus, teaching methods, examinations, and grading across two dozen or so schools in a way that ensures consistency.

There were other negative themes that were either less frequent or a sub-theme in many responses. They are listed below.

- The program will stifle diversity by producing a more homogeneous product. There will be fewer actuaries with liberal arts, sciences, or other backgrounds. This may hinder our ability to advance our science and practice.
- The profession will be less attractive to career-changers.
- The cost to run parallel systems is not worth it.
- University programs would become less valuable because they would be constrained by the syllabus and have to teach to a final exam that mimics the SOA exam. They would become more like exam prep courses, not less (see the comments from academics below).
- The proposal confuses education with validation. Universities are free to do the former, but the SOA has responsibility for the latter. The SOA gives credentials, not degrees. Universities may well do a better job of educating actuaries than does the self-study route, but that does not relieve the SOA of its responsibilities.

### **Comments from Employers**

There were some responses from employers representing the views of their firms.

Employer comments were consistent with those from members, including concerns about consistency, maintenance of rigor, diminishment of value of the credential, no

need to reduce travel time, and confusion of education and accreditation. One employer expressed the view there might be some benefit to the proposal, but they believed it should be applied very narrowly (top 10% of students), and preferred that a standard SOA exam be given (and the SOA grade that exam) to an examination created by a classroom professor.

### **Comments from Academics**

There were several comments from academics. Several were in favor of the proposal (and they did not offer additional specifics). Several academics had significant concerns about the program structure. Academics raised concern with academic freedom (echoed by several who supported the proposal); they want to have control over their curriculum.

They noted there is value from a student perspective. Having a university designated as one offering FEM courses would most likely increase enrollment. The proposal encourages students to consider actuarial studies as that route will be less burdensome than the current system.

Several also noted that there are costs and disadvantages of the FEM proposal. While as noted in the FEM document “We believe the university environment delivers a supportive, holistic approach that is interactive and incorporates current academic research findings,” compliance with FEM removes the academic freedom that professors have in teaching their classes. The proposal constrains the material that that can be used in class, how the exams are created, and potentially how exams are graded.

They also raised concerns about not being able to assess over the term using multiple examinations and homework. Another concern was the privacy of students, and the additional administrative burdens that would be posed to schools. Finally, several objected to not making the benefits of validation by education available to schools who did not cover the full curriculum.

### **Comments in Favor of Proposal**

Those who commented in favor of the proposal felt strongly that shortening travel time and centering education in universities were very strong advantages of the proposal. Other professions (accounting, engineering, law, medicine, dentistry, architecture, nursing, etc.) and our own profession in other countries have made effective use of universities for years, and it’s about time the US and Canada joined them

They believed the system could be run in a way that maintained rigor and high standards. They noted the success of similar systems in the UK and Australia.

Those in favor pointed out that much of the opposing arguments are based on a belief that the current system is excellent. Multiple choice tests that are passed not by learning the material but by learning the question patterns from old exams do not promote learning nor do they create actuarial excellence. University exams can demand higher cognitive skills. The learning objectives can be covered using alternative textbooks or approaches.

## Comment Statistics

As of Sept. 22, 2009 total letters received were 1,005. Based on overall positions expressed, we can summarize them as follows:

- 89 favor (9%)
- 60 neutral (6%)
- 848 oppose (84%)
- 8 could not be rated (1%)

The positions expressed vary across the participating organizations.

<b>Position Taken by Signatories</b>					
<b>Org.</b>	<b>Favor</b>	<b>Neutral</b>	<b>Oppose</b>	<b>No Category</b>	<b>Total</b>
<b>CIA</b>	17	6	23	4	50
<b>SOA</b>	54	26	461	5	546
<b>CAS</b>	13	10	178	0	201
<b>Unknown</b>	21	20	180	2	223
<b>Other</b>	16	4	61	0	81
<b>Employer</b>	0	0	7	0	7
<b>Totals</b>	121	66	910	11	1,108
Note: There were 1,005 letters received, but several had multiple signatories. These numbers also double count if the signer was member of more than one organization. Unknown includes authors who did not list a designation, and students who are not yet members of an organization.					

<b>Position Taken by Designation</b>					
	<b>Favor</b>	<b>Neutral</b>	<b>Oppose</b>	<b>No Category</b>	<b>Total</b>
<b>ASA</b>	10	7	183	1	201
<b>FSA</b>	43	19	275	4	341
<b>CERA</b>	5	1	23	0	29
<b>ACAS</b>	1	2	48	0	51
<b>FCAS</b>	12	7	127	0	146
<b>FCIA</b>	17	6	23	4	50
<b>Total</b>	88	42	679	9	818
Note: These numbers double count if commentator has more than one designation. These numbers exclude "unknown."					

### **SOA Board Action**

During its discussion on October 24-25, the SOA Board of Directors discussed the implications of the member feedback and acknowledged the significant concerns raised by members and their employers regarding the FEM concept. Following the discussion, the Board decided not to proceed with the concept in its current form. The Board directed a volunteer team charged with the oversight of actuarial knowledge transfer initiatives to review the strategic objectives of the SOA's educational system.

The Board asked its representatives to the Joint FEM Steering and Accreditation Committees to consider alternatives to the current concept. An update will be presented to the Board at its February 2010 meeting. In the meantime, the Board will also appoint a task force to recommend enhanced communications with our members in order to maintain an open dialogue and exchange of ideas on this subject.