



SOCIETY OF ACTUARIES

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# Education & Examination Redesign—An Update

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The Educational and Examination (E&E) system of the Society of Actuaries will undergo significant changes effective in 2000. The current system will be replaced with a system that stresses fundamental actuarial principles and actuarial practice that are not nation-specific. The examination structure will consist of eight courses and a Professional Development requirement. The Professional Development requirement will be the mechanism for a candidate to gain knowledge that is either nation-specific or otherwise not included in the syllabi for Courses 1-8, but of relevance to the candidate's practice area. The Fellowship Admissions Course will still be the final hurdle to attaining Fellowship.

## Status Report on Implementation

What is the status of implementing the new E&E system? While Chicago Cub fans can always say "Wait until next year," the SOA doesn't have that luxury since 2000 is almost here.

Course 5 will cover underlying principles and concepts for basic practice concepts such as design, pricing and valuation across a range of practice areas, while Course 8 will focus on advanced actuarial practice in six different areas: finance, investment, health and group life, managed care, individual insurance, and retirement benefits. The description for the Individual Insurance version of Course 8 indicates that its focus will be on "advanced education on product development and design, marketing, pricing, valuation and financial statements for individual coverages including reinsurance of these coverages." Detailed reports are available for all these courses and professional development on the SOA website ([www.soa.org](http://www.soa.org)).

Progress has been made in establishing the framework for the Professional Development requirement. The September 1998 Report of the SOA Task Force on Professional Development

thoroughly explains current thinking on several key features of the framework such as the split of the required amount of credits related to traditional educational sources versus the successful completion of a project and the role of the advisor. Information on professional development has been updated and includes guidelines for advisors, and a sample project outline and letter of commitment. This is available on [www.soa.org/eande/prodev.html](http://www.soa.org/eande/prodev.html).

If you have been reading between the lines of this article, you should begin to realize some of the topics you may have studied while on the road to Fellowship won't be covered in Courses 1 through 8. For example, the Standard Valuation Law probably won't be covered in any great detail because it is nation-specific. Similarly, U.S. GAAP accounting will probably be discussed in the context of an accounting system and its impact on the measurement of profitability without exploring all of the details of GAAP.

One should not jump to the conclusion that new FSAs under the revised E&E system will be incapable of calculating CRVM reserves for life insurance products. Achieving Fellowship under the new system will require successful completion of the Professional Development course. As stated above, the Professional Development requirements are sufficiently flexible to meet the goals and objectives the goals of the candidate and relevant to the candidate's practice area.

## Role of the Financial Reporting Section

What role, if any, does the Financial Reporting Section play under the new E&E system? The September 1998 Report of the SOA Task Force on Professional Development contains the following statement "For standard practice areas, models developed by the SOA will list a range of courses, seminars, experiences and activities that can be selected to fulfill 35 units." The Life Practice Professional Development Working Group has been formed by the SOA to carry out this

assignment. The Financial Reporting Section Council is represented on this working group. It is expected that many topics will be offered to the candidate through SOA seminars and the Financial Reporting Section will take the lead in planning and presenting many of these seminars.

One thing must be noted about SOA seminars under the new E&E system. Candidates will expect the seminars to be scheduled well in advance and presented on a timely basis in order for them to be of value in setting up a program to meet the Professional Development requirements. Fulfilling this expectation may create greater demands on the Financial Reporting Section Council. Of course, this translates into more members of the Section taking an active role.

While the Financial Reporting Section and other Sections have sponsored seminars and other forms of educational opportunities in the past, the significance of these activities will undoubtedly increase under the E&E Redesign. In effect, Sections will become active participants in the education of future actuaries. The Professional Development component of the new E&E system will prove a success only through the dedicated efforts of the Sections, including the Financial Reporting Section.

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