Rising in the Actuarial Profession through the CAS

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www.casact.org
Outline

• What is an Actuary?
• What skills are needed to be an Actuary?
• How does someone become an Actuary?
• What do Non-Life Actuaries do?
• Casualty Actuarial Society
What is an Actuary?

• A business professional who deals with financial impact or risk and uncertainty
• Analyzes, manages and measures the financial implications of future risk
• Develops and validates models and communicate results to guide decision making
What Skills are Needed?

- Keen analytical, project management and problem solving skills
- Good business sense
- Solid communication skills (oral & written)
- Strong computer skills
- Knowledge of math and finance
Areas of Work

• Insurance Industry
  – Property and casualty (P&C)
  – Life and annuities

• Employee Benefit Industry
  – Retirement benefits
  – Health benefits
  – Social Security

• Financial Services Industry
  – Banks, investing, risk management
  – Mergers & Acquisitions
Typical Actuarial Projects

- Life Insurance: Designing and pricing life insurance products.
- Property & Casualty: Estimating the amount of money to be set aside for insurance claims that have not been paid
- Health Benefits: Setting HMO premium rates.
- Retirement Systems: Pricing the cost of increasing retirement benefits.
- Finance & Investments: Portfolio diversification studies.
Contrast SoA & CAS

• Two learned bodies
  – Society of Actuaries (SoA), focus on life, health, & pensions
  – Casualty Actuarial Society, focus on non-life (P&C)
• Very different theoretical focus
  – Life – generally loss producing phenomenon reasonably known
  – P&C – loss generation much less certain
The only actuarial organization in the world exclusively focused on property/casualty risks.
Why CAS?
What makes us different?

• Tangibles
  – Depth of training
  – Salaries
  – Employment opportunities

• Intangibles
  – Focus
  – Culture and sense of community
  – Spirit of volunteerism
  – Core Values
CAS Core Values

- Collaboration
- Collegiality
- Community
- Creativity/Intellectual Curiosity
- Excellence
- Integrity
- Professionalism
- Practical Applications
Salaries for FCAS vs. FSA

Used with permission from Ezra Penland Actuarial Recruitment
(http://www.ezrapenland.com/salary/)
Current CAS Syllabus to Reach ACAS

• Validation by Educational Experience (VEE):
  – VEE-Applied Statistical Methods
  – VEE-Corporate Finance
  – VEE-Economics

• Two CAS Online Courses:
  – Online Course 1—Risk Management and Insurance Operations
  – Online Course 2—Insurance Accounting, Coverage Analysis, Insurance Law, and Insurance Regulation

• Exams

• Course on Professionalism
• Exams
  – Exam 1/P—Probability
  – Exam 2/FM—Financial Mathematics
  – Exam 3F/MFE—Models for Financial Economics
  – Exam 3L—Models for Life Contingencies and Statistics
  – Exam 4/C—Construction and Evaluation of Actuarial Models
  – Exam 5—Basic Techniques for Ratemaking and Estimating Claim Liabilities
  – Exam 6—Regulation and Financial Reporting (Nation Specific)
    • Actuarial Institute of Chinese Taipei
    • Canada
    • United States
Current CAS Syllabus to Reach ACAS (con’t)

• VEE requirements are identical to SOA
• Exams 1, 2, 3F, and 4 are currently jointly sponsored
• Exam 3L has less focus on Life Contingencies but greater focus on Statistics
• Online Courses introduce basic insurance operations and information on the business environment
Current CAS Syllabus to Reach FCAS

ACAS plus:

• Exam 7—Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management
• Exam 8—Advanced Ratemaking
• Exam 9—Financial Risk and Rate of Return
Current CAS Syllabus to Reach CERA

• Meet all requirements for CAS Associateship,
• Have credit for CAS Exam 7 and Exam 9,
• Successfully complete the three-day Enterprise Risk Management and Modeling Seminar for CERA Qualification, and
• Successfully complete Exam ST9, Enterprise Risk Management Specialist Technical, of the Institute and Faculty of Actuaries (U.K.).
Study Benefits

• Paid Study Time (100 – 120 hours per exam is not uncommon)
• Raises or bonuses for each exam ($2,000 - $5,000 range)
• Company pays for exam materials, seminars, exam fees, etc.
Advantages to the Actuarial Profession

- High earnings potential
- Graduate school not required – no loans to repay
- Advance by examinations – no “glass ceiling”
- Advancement opportunities expand throughout career
- Professional Interactions – “Front Office” role
- Variety of avenues to choose
- Newsworthy projects
- High demand – less sensitive to economic cycles
- Job security
- Overall, a highly ranked profession
  - Actuary was rated the #2 job in America, according to the 2012 Jobs Rated Almanac.
Career Outlook

- Employment growth for consulting actuaries
- Development of new financial tools
- Growing ability to model risks
- Growth in the health services industry
- Growth in risk management
Resources

www.beanactuary.com
www.soa.org
www.casact.org
www.actuary.com
www.ezrapenland.com
www.dwsimpson.com
Other Resource - Academic Correspondent Program

• Program for non-members involved in teaching or who has an interest in CAS activities

• Receive publications:
  – The Actuarial Review (quarterly newsletter)
  – Future Fellows (quarterly student newsletter)
  – Variance (semi-annual peer reviewed scientific journal)

• Up to 3 waived registration fees to CAS meetings or seminars per year
• Grants awarded for Academic Correspondent when obtaining CAS designation ($7,500 for Fellow and $5,000 for Associate)
• Receive complimentary CAS Examination Study Kits
• Annual fee of $75
Other Resource – 2013 CAS Trust Scholarship Program

• Objectives:
  – Further students’ interest in the P&C actuarial profession
  – Encourage pursuit of CAS designations
• Applications due by March 4, 2013
• Submit application, essay, recommendation letters, and official transcript
• Award up to three $2000 scholarships for 2013-2014 academic year
• Check CAS website for Eligibility requirements
  – Must have sat for 1 actuarial exam by March 2013