

TASK FORCE ON CLASSES OF MEMBERSHIP

Report to the Board of Directors

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The Task Force on Classes of Membership (Task Force) was charged by the Casualty Actuarial Society (CAS) Board of Directors (Board) "... to investigate the advantages/disadvantages and to develop a recommendation regarding whether there should be one or more classes of membership and the appropriate qualifications, rights and responsibilities associated with these classes of membership." In undertaking this assignment, the Task Force reviewed the membership differences between the Fellowship and Associateship classes and has prepared recommendations in the following areas for Board consideration:

- The number of classes of membership;
- The rights and responsibilities of each class;
- Transitional issues for current ACAS;
- Transitional issues for students on the road to ACAS;
- Qualifications for Membership in the CAS;
- Proposed changes to the CAS Constitution and Bylaws

On most items, the task force members are in unanimous agreement. The following report includes minority points, without attribution, where disagreement exists. In developing this report, we have borrowed heavily from the material prepared by the Task Force on the ACAS Vote, chaired by Amy Bouska. We thank them for allowing us to use their research in our report. We gratefully acknowledge the advice and assistance provided by the CAS staff.

Executive Summary

1. The Task Force has held multiple conference calls to discuss the many areas that we have been asked to address. In this process we have identified a number of issues that have guided us in making the recommendations in this report. These include:
 - a. Size of the Associate population, with consideration of the increasing number of Associates who have stopped taking exams and will not achieve Fellowship (Career Associate);
 - b. Limited professional differences in work product produced for the external public;
 - c. Lack of limitations imposed by the profession on work products or areas (within the structure of actuarial professional guidelines) in which Associates may perform;
 - d. Associates' right to sign "Statements of Actuarial Opinion" which represents the highest professional and legal exposure to any member;
 - e. History of significant contributions by Associates to the profession.

2. Number of Classes of Membership-It is the recommendation of the Task Force that there be one and only one class of membership. The current structure of an Associate class and a Fellow class is rejected for several reasons:
 - It is inherently counter intuitive to have vertical levels of fully qualified members within a single specialty discipline.
 - Having two "fully qualified membership levels" where the requirements for one level exceed the requirements for the other level can be confusing to the employers and publics casualty actuaries serve and to the larger actuarial profession.
 - Currently there are not significantly pragmatic differences between the two classes:
 - Both classes of membership are exposed to the same high level of professional performance, conduct and legal liability for errors and omissions.
 - The Code of Professional Conduct and Disciplinary Procedures promulgated by the ABCD bind both classes of membership equally.
 - Both Associates and Fellows are full members, without distinction, of the American Academy of Actuaries.

The one class of membership would be a fellow of the CAS – an FCAS. An FCAS shall be someone who has demonstrated the knowledge needed to practice effectively in the evaluation of hazard risk and in the integration of hazard risk with strategic, financial and operational risk by completing a curriculum and other requirements as promulgated by the CAS. An FCAS would have full rights and responsibilities of membership, as today.

3. Creation of a Certificate of Achievement in Casualty Actuarial Science – It is recommended that there be created a certificate of recognition to signify that one has completed the purely academic and theoretical aspects of actuarial education, but has not yet demonstrated technical and practical proficiency. The certificate would be called a certificate of achievement in casualty actuarial science. The certificate holder has completed the “book learning” portion of their education, while the FCAS has demonstrated the ability to apply the theoretical knowledge to solve actuarial problems. Material that is extremely specific to the insurance/reinsurance industry, regulatory and political issues, etc., should be required of the FCAS, but not of certificate holders. This title of certificate holder will acknowledge that, although one is not yet an “actuary”, something significant has been achieved. Certificate holders would be advised of their right and opportunity to affiliate with the CAS via the Subscriber program offering them access to CAS publications and meeting and seminar notices.
4. Bringing Candidates under the Code of Professional Conduct – The Task Force recommends the CAS explore bringing all candidates under the Code of Professional Conduct. The Task Force further recommends that the CAS Executive Committee explore the best procedure for introducing the course on professionalism given the Task Force proposal to have a single class of member.
5. Transitional Issues for Current Associate Members of the CAS - The Task Force considered many options for current Associates of the CAS who now hold a designation that will, at some future point, no longer be offered by the CAS. One may find a listing of the options and pros and cons of each in the body of the report.

In many of the options, the granting of Fellowship status is automatic after some period of time. In other options, the ACAS designation would become a “run-off” designation. That is, at some point in time no new candidates would qualify for ACAS but an ACAS who does not achieve Fellowship would continue to be designated an ACAS with all the rights and responsibilities that apply to that class. Should the Board adopt a transition rule that includes a “run-off” mode for Associates, it must recognize the need to be vigilant in protecting the practice rights of all its members, including Associates who remain in a run-off mode.

In considering each alternative, the Task Force was cognizant of the practice rights and financial reward available to the ACAS and about to become available to those on the road to ACAS upon attainment of the Associate designation. In addition, the Task Force acknowledged that the educational requirements for Associateship and Fellowship have changed significantly over time as detailed in a companion document to this report entitled Combined Introduction to the Reports of the Task Force on the ACAS Vote and the Task Force on Classes of Membership. Thus, trying to equate a current ACAS and a current FCAS was as futile as equating two Associates or two Fellows who received those designations at different times in CAS history.

The task force struggled to reach a consensus recommendation of the transition rule to follow. Some members preferred a version of the automatic transition rule while others preferred requiring completion of some additional requirement beyond ACAS to become a Fellow, with the result being that some number of Associates would remain in a run-off mode.

The transition rule most preferred by Task Force members, and therefore closest to a consensus recommendation, is one wherein we continue to offer the Associate designation for a limited period of time, not to go beyond 2008, and at the end of 2013, when all Associate members of the CAS will have held that designation a minimum of 5 years, automatically grant FCAS status to all remaining Associates.

6. Transitional Issues for Students on the Road to ACAS – At some point in time, the ACAS designation will no longer be offered. Since there are students currently on the road to ACAS, and since the title ACAS contains certain practice rights and financial rewards, the CAS should continue to offer the ACAS title for some time after the new exam and membership structure is announced. The two options the Task Force considered were to set a fixed point in time after which the ACAS designation is no longer offered, or to continue to offer the ACAS title indefinitely but only to students who have completed at least one exam from the CAS exam series. As such, the task force members clearly reject options that call for immediate cessation of granting of the ACAS designation but consider all other options viable.
7. The Task Force recommends that the CAS continue to offer a common set of examinations for students as part of the membership qualification process. As for the number of exams, the Task Force believes that eight may be the ideal number to both cover the required material and to address travel time concerns.
8. Proposed Changes to the CAS Constitution and Bylaws – to be completed after a likely course of action is selected by the Board.

The following sections develop the thought processes and support the recommendations in the Executive Summary.

Classes of Membership

In considering the charge of the CAS Board, the Task Force considered what the issues are that caused the Board to create the Task Force and charge the Task Force as it did. The following possible causes come to mind:

- a. that too many ACAS members do not continue on to FCAS and remain career associates;
- b. that too many ACAS members are unhappy with their status in the CAS as ACAS members;
- c. that there is little to no distinction between an ACAS and an FCAS in the ability to perform professional actuarial services in the marketplace and thus there is little economic or practical incentive to continue on to FCAS;
- d. that the ACAS who wishes to continue on to FCAS is frustrated with the exam process leading to FCAS due to the relatively low pass ratio on FCAS exams, exams which are taken by those who have already demonstrated their ability to pass exams, and the related travel time from ACAS to FCAS;
- e. that employers may become less willing to support students in the ACAS to FCAS process; and/or
- f. that other actuarial organizations, such as the CIA or the IAA, may not recognize the ACAS designation in determining whom they consider a credentialed actuary.

Today, as per Article III Section I of the CAS Constitution as amended September 4, 2003, there are 3 classes of member of the CAS, Fellows, Associates and Affiliates. For admission to the CAS, Associates and Fellows must complete examinations as prescribed by the CAS Board of Directors and must comply with any further requirements as prescribed by the Board.

An Affiliate member of the CAS must meet requirements prescribed by the Board. The Affiliate class "was established in 1998 to serve qualified actuaries who practice in the general insurance field and wish to be active in the CAS but do not meet the qualifications to become an Associate or Fellow of the CAS. Affiliate Membership recognizes that the Affiliate Member has been granted professional status as an actuary by another actuarial organization and practices in the property/casualty field." There are 26 Affiliate members listed in the 2004 CAS Yearbook.

The Task Force received guidance from the CAS President that it should not revisit the Affiliate class of membership in its discussions. Rather, it should proceed under the assumption that the Affiliate class of member will remain in place.

In response to the main charge to the Task Force, the Task Force wished to research the evolution of the classes of membership and current demographic distribution of members. Fortunately, this work was already completed by the CAS Task Force on Voting Rights. The following is borrowed from the report of the CAS Task Force on Voting Rights and contains valuable background material considered by this Task Force in its deliberations.

Evolution of the Associateship Status

SEE SEPARATE ATTACHMENT ENTITLED COMBINED INTRODUCTION TO THE REPORTS OF THE TASK FORCE ON THE ACAS VOTE AND THE TASK FORCE ON CLASSES OF MEMBERSHIP.

Task Force Conclusion on Classes of Membership

The Task Force has concluded that the distinction between ACAS and FCAS be eliminated and that there be only one class of membership in the CAS, to be called FCAS. In considering this issue, the Task Force reviewed the pros and cons of a single class of membership, as follows:

Proposition: That the CAS have a single class of membership.

PROS:

- a. We eliminate the need to explain how two different designations have different levels of requirements and, yet, both result in fully qualified actuaries;
- b. A status less than Fellow connotes lesser standing despite the CAS position that an ACAS is fully qualified;
- c. The current requirements for FCAS are more than what is needed for fully qualified status;
- d. In much of the world, one is either a qualified actuary or not – two levels of qualified actuary is confusing;
- e. Associates are currently disenfranchised by having membership, but no voice, in an organization in which they pay dues.

CONS:

- a. Two classes of membership were established in 1914 and, for continuity, should be maintained unless a clearly articulated need to change is identified;
- b. There are currently over one thousand Associates whose status would be subject to question;
- c. The transitional issues could be emotional and potentially divisive;
- d. Travel time for achieving practice right status could be lengthened;
- e. Attraction to the profession could be adversely affected;
- f. There is no precedent for such a change.

Will the elimination of the Associate class of membership strengthen or weaken the attraction of the CAS to future students? Will the CAS be at a competitive disadvantage to other actuarial societies (SOA, IA) that may maintain an Associate class? The Task Force notes that different from the current rights of an ACAS, an Associate in the SOA or IA does not have practice rights. Given the Board directive to lessen travel time to Fellowship and given the introduction of a Certificate to recognize midway achievement toward Fellowship, the Task Force does not believe the elimination of the Associate class of membership will adversely affect attraction of students to the CAS. The Task Force further believes that adoption of a single class of membership, with such members to be fully recognized as

qualified actuaries by all international actuarial associations, is a way to strengthen the attraction of the profession to future students worldwide.

In making its recommendation on the transition to one class of membership, the Task Force tried to address as many of the Cons listed above as it could, and believes it has addressed cons b-e in full. See later for recommendations on the transition to one class of membership.

Task Force Conclusion on An Interim Class of Membership

Having concluded that there should be only one class of membership with practice rights, the Task Force considered whether there should be a membership recognition point for those who have traveled approximately half way through the syllabus and have completed the course on professionalism, to recognize their achievement and to provide additional encouragement to students to continue the process of completing their FCAS. In their consideration, the Task Force was cognizant of earlier distinctions in the CAS syllabus whereby the first level of membership recognized completion of the mathematical aspects of actuarial training and none of the practical aspects. The Task Force considered whether we should return to this earlier level of meaning by designating a “junior” level of membership (perhaps with a different title to be selected). The exam structure would be changed so that the first “half” of the exams encompass the fundamental portion of a professional actuary’s education.

Junior members of the CAS would have the following rights and responsibilities:

- a. The view of the CAS would be that junior members have not completed the educational requirements necessary to qualify to sign an Actuarial Statement of Opinion, to certify a rate filing, or to provide expert testimony;
- b. Junior membership should not qualify one for membership in the American Academy of Actuaries or similar national bodies;
- c. Junior members should not be given the right to vote nor to hold a CAS office;
- d. Junior members would be encouraged to seek out volunteer opportunities within the CAS;
- e. Junior members would be charged lower membership fees;
- f. Junior members would be given full access to CAS publications;
- g. Junior members would be required to abide by the CAS Code of Professional Conduct;
- h. Junior members would be eligible for member rates for CAS meetings and seminars.

Additionally,

- a. The CAS should encourage junior members to contribute to our educational and research literature;
- b. Junior members should be encouraged to participate in continuing education.

After debating the pros and cons of creating this “junior” level of membership, it is the recommendation of the Task Force that the CAS not create a new class of “junior” member.

Rather, the Task Force recommends the creation of a certificate to recognize completion of the first part of the CAS examination process, the purely academic and theoretical aspects of actuarial education. This Task Force does not feel qualified to fully define the exams that would encompass completion of this first part of the CAS examination process.

A certificate holder is an individual on the way to membership in the CAS but has not yet demonstrated the technical and practical proficiency needed to qualify as an actuary and practice professionally as an actuary. The certificate would be called a certificate of achievement in casualty actuarial science. It would acknowledge that, although one is not yet an “actuary”, something significant has been achieved. Certificate holders would be advised of their right and opportunity to affiliate with the CAS via the Subscriber program, offering them access to CAS publications and meeting and seminar notices. Consideration should be given to a reduced subscriber fee for certificate holders.

Among the benefits of creating a “junior” class of membership was that junior members would be required to abide by the CAS Code of Professional Conduct and to complete the course on professionalism. At present, these are requirements to become an Associate member of the CAS, a class of membership that will no longer exist under the recommendation of the Task Force for a single class of membership.

In rejecting the proposal to create a junior class of member, the Task Force recognizes this lost opportunity to bring students under the Code and professionalism course. The Task Force recommends the CAS explore bringing all candidates under the Code of Professional Conduct. The Task Force further recommends that the CAS Executive Committee explore the best procedure for introducing the course on professionalism given the proposal to have a single class of member.

Transition Issues

The following section discusses the various transition issues and options as they apply both to current ACAS members and to students who are currently on the path to ACAS.

It is recognized that the length of the transition period will likely impact on staffing needs for the CAS Examination committees.

Transition alternatives assuming one class of member is desired, with pros and cons of each, are as follows:

1. Immediately make all Associate members an FCAS, and discontinue offering the ACAS designation;
2. Immediately make all Associate members an FCAS, and continue offering the ACAS designation for a transitional period of time;
3. Immediately make all Associate members who have X+ years of experience as an ACAS an FCAS, continue offering the ACAS designation for a transitional

- period of time, and continue the plan of granting an FCAS to all Associate members who complete X years experience as an ACAS;
4. After a “transition period”, follow one of options 1 – 3 above;
 5. After a “transition period”, discontinue giving the ACAS designation and make all Associates an FCAS who have completed some additional requirement imposed by the CAS such as a minimum experience requirement plus completion of an exam or course requirement;
 6. After a “transition period”, discontinue giving the ACAS designation and put the ACAS into “run-off”.

The following table addresses the various transition options assuming one class of member is desired. Pros and Cons as they apply both to current ACAS members and to students who are currently on the path to ACAS are addressed below. There are three main transition issues that are addressed in each of the various options. Those issues are:

- Whether or not to convert an ACAS to an FCAS by some manner other than the current requirement of exams 8 and 9 (or more if one became an ACAS many years ago).
- If there is conversion other than through exams 8 and 9, who qualifies for conversion and when?
- When is new achievement of the ACAS designation to be discontinued?

<i>Conversion other than exams 8&9</i>	<i>Who qualifies for conversion? And when?</i>	<i>When no new ACAS designees?</i>	<i>PRO</i>	<i>CON</i>
Option 1 YES	All ACAS Immediately	Immediately	<p>a. The goal of one class of membership is achieved sooner than later and there is no longer confusion regarding two different designations.</p> <p>b. This recognizes that an ACAS today has almost identical practice rights as an FCAS.</p> <p>c. This recognizes that the educational requirements for ACAS and FCAS have changed over time.</p>	<p>a. An FCAS may feel that he/she worked harder for the same credentials than someone who was converted to an FCAS. This amount of extra work is especially quantifiable for those who very recently achieved ACAS and FCAS status. Those who are converted to FCAS will thus have lowered the standard for those who achieved FCAS through the examination system.</p> <p>b. Any student currently in the pipeline will not have time to achieve the ACAS level presenting an economic penalty and forcing them to continue to FCAS to achieve practice rights they anticipated achieving sooner.</p> <p>c. Any changes to the current exam system, if needed, would have to be made immediately.</p>
Option 2 YES	All ACAS Immediately	After Transition Period	<p>a. This recognizes that the educational requirements for ACAS and FCAS have changed over time.</p> <p>b. This recognizes that an ACAS today has almost identical practice rights as an FCAS.</p> <p>c. Any student currently in the pipeline will have been allowed some time to achieve the ACAS designation.</p> <p>d. Allows time for all to consider their options and choose an</p>	<p>a. An FCAS may feel that he/she worked harder for the same credentials than someone who was converted to an FCAS. This amount of extra work is especially quantifiable for those who very recently achieved ACAS and FCAS status. Those who are converted to FCAS will thus have lowered the standard for those who achieved FCAS through the examination system.</p> <p>b. Prolongs the transition to one class.</p> <p>c. Encourages those between ACAS and FCAS to stop taking exams. Basically exam 8 and 9 are obsolete for designation purposes if</p>

<i>Conversion other than exams 8&9</i>	<i>Who qualifies for conversion? And when?</i>	<i>When no new ACAS designees?</i>	<i>PRO</i>	<i>CON</i>
			<p>appropriate course of action.</p> <p>e. Does not require any immediate changes to exams 8 and 9 during the transition.</p> <p>f. Allows the CAS time to make changes to the current exam system, if needed.</p>	<p>ACAS designation immediately implies conversion to FCAS.</p> <p>d. Puts additional pressure on students to pass Parts 1-7 before the transition period expires.</p>
Option 3				
YES	<p>ACAS with X years experience</p> <p>Immediately</p>	<p>After Transition Period</p>	<p>a. Any student currently in the pipeline will have been allowed some time to achieve the ACAS designation.</p> <p>b. This recognizes that an ACAS today has almost identical practice rights as an FCAS.</p> <p>c. This recognizes that the educational requirements for ACAS and FCAS have changed over time.</p> <p>d. Allows time for all to consider their options and choose an appropriate course of action.</p> <p>e. Does not require any immediate changes to exams 8 and 9 during the transition.</p> <p>f. Allows the CAS time to make changes to the current exam system, if needed.</p>	<p>a. Prolongs the transition to one class.</p> <p>b. An FCAS may feel that he/she worked harder for the same credentials than someone who was converted to an FCAS. This amount of extra work is especially quantifiable for those who very recently achieved ACAS and FCAS status. Those who are converted to FCAS will thus have lowered the standard for those who achieved FCAS through the examination system.</p> <p>c. Encourages those between ACAS and FCAS to stop taking exams.</p> <p>d. Puts additional pressure on students to pass Parts 1-7 before the transition period expires.</p>
Option 4a				
YES	<p>All ACAS</p> <p>After Transition Period</p>	<p>Immediately</p>	<p>a. This recognizes that the educational requirements for ACAS and FCAS have changed over time.</p> <p>b. This recognizes that an ACAS today has almost identical practice rights as an FCAS.</p> <p>c. Allows time for Associates to consider their options and choose an appropriate course of action.</p> <p>d. Does not require any immediate changes to exams 8 and 9 during the transition.</p> <p>e. Allows the CAS time to make changes to the current exam system, if needed.</p>	<p>a. An FCAS may feel that he/she worked harder for the same credentials than someone who was converted to an FCAS. This amount of extra work is especially quantifiable for those who very recently achieved ACAS and FCAS status. Those who are converted to FCAS will thus have lowered the standard for those who achieved FCAS through the examination system.</p> <p>b. Encourages those between ACAS and FCAS to stop taking exams.</p> <p>c. Any student currently in the pipeline will not have time to achieve the ACAS level presenting an economic penalty and forcing them to continue to FCAS to achieve practice rights they anticipated achieving sooner.</p>
Option 4b				
YES	<p>All ACAS</p> <p>After Transition Period</p>	<p>After Transition Period</p>	<p>a. This recognizes that the educational requirements for ACAS and FCAS have changed over time.</p> <p>b. This recognizes that an ACAS today has almost identical practice rights as an FCAS.</p> <p>c. Any student currently in the pipeline will have been allowed some time to achieve the ACAS designation.</p>	<p>a. An FCAS may feel that he/she worked harder for the same credentials than someone who was converted to an FCAS. This amount of extra work is especially quantifiable for those who very recently achieved ACAS and FCAS status. Those who are converted to FCAS will thus have lowered the standard for those who achieved FCAS through the examination system.</p> <p>b. Encourages those between ACAS and FCAS to stop taking exams.</p>

<i>Conversion other than exams 8&9</i>	<i>Who qualifies for conversion? And when?</i>	<i>When no new ACAS designees?</i>	<i>PRO</i>	<i>CON</i>
			<p>d. Allows time for all to consider their options and choose an appropriate course of action.</p> <p>e. Does not require any immediate changes to exams 8 and 9 during the transition.</p> <p>f. Allows the CAS time to make changes to the current exam system, if needed.</p>	<p>c. Puts additional pressure on students to pass Parts 1-7 before the transition period expires.</p>

<i>Conversion other than exams 8&9</i>	<i>Who qualifies for conversion? And when?</i>	<i>When no new ACAS designees?</i>	<i>PRO</i>	<i>CON</i>
<p>Option 4c</p> <p>YES</p>	<p>ACAS with X years experience</p> <p>After Transition Period</p>	<p>After Transition Period</p>	<p>a. This recognizes that the educational requirements for ACAS and FCAS have changed over time.</p> <p>b. This recognizes that an ACAS today has almost identical practice rights as an FCAS.</p> <p>c. Any student currently in the pipeline will have been allowed some time to achieve the ACAS designation.</p> <p>d. Allows time for all to consider their options and choose an appropriate course of action.</p> <p>e. Does not require any immediate changes to exams 8 and 9 during the transition.</p> <p>f. Allows the CAS time to make changes to the current exam system, if needed.</p>	<p>a. An FCAS may feel that he/she worked harder for the same credentials than someone who was converted to an FCAS. This amount of extra work is especially quantifiable for those who very recently achieved ACAS and FCAS status. Those who are converted to FCAS will thus have lowered the standard for those who achieved FCAS through the examination system.</p> <p>b. Encourages those between ACAS and FCAS to stop taking exams.</p> <p>c. Puts additional pressure on students to pass Parts 1-7 before the transition period expires.</p>
<p>Option 5</p> <p>NO</p>	<p>ACAS with X years experience AND completion of special exam or course</p> <p>Upon completion</p>	<p>After Transition Period</p>	<p>a. Any student currently in the pipeline will have been allowed some time to achieve the ACAS designation.</p> <p>b. Allows time for all to consider their options and choose an appropriate course of action.</p> <p>c. Does not require any immediate changes to exams 8 and 9 during the transition.</p> <p>d. Has better chance of assuring that the new FCAS has met a similar amount of work experience and other requirements as set by the CAS at the time of designation as one who recently achieved FCAS through examination.</p> <p>e. Allows the CAS to include in the additional exam or course requirement material sufficient to</p>	<p>a. An FCAS may feel that he/she worked harder for the same credentials than someone who was converted to an FCAS. This amount of extra work is especially quantifiable for those who very recently achieved ACAS and FCAS status. Those who are converted to FCAS will thus have lowered the standard for those who achieved FCAS through the examination system.</p> <p>b. Puts additional pressure on students to pass Parts 1-7 before the transition period expires.</p> <p>c. Prolongs the transition to one class even further.</p> <p>d. Requires the CAS to keep track of and convert Associates to Fellows on an on-going basis.</p>

<i>Conversion other than exams 8&9</i>	<i>Who qualifies for conversion? And when?</i>	<i>When no new ACAS designees?</i>	<i>PRO</i>	<i>CON</i>
			meet all international requirements for a fully qualified actuary.	

<i>Conversion other than exams 8&9</i>	<i>Who qualifies for conversion? And when?</i>	<i>When no new ACAS designees?</i>	<i>PRO</i>	<i>CON</i>
Option 6 NO	Only passing requisite exams would qualify for FCAS. **Assumes all rights of membership e.g. voting, granted to an ACAS	After Transition Period	<p>a. An FCAS will not feel that he/she worked harder for the same credentials than someone who was converted to FCAS</p> <p>b. Any student currently in the pipeline to achieve ACAS will have time to achieve the ACAS designation</p> <p>c. There is no disincentive to stop taking exams for those currently between ACAS and FCAS</p> <p>d. The maintenance of the “status quo” for current members makes the transition less controversial.</p> <p>e. The longer transition to one class makes the change easier to accept.</p> <p>f. The CAS has time to make changes to the current exam system, if needed.</p>	<p>a. The ACAS designation will become more confusing over time as there are fewer and fewer with the ACAS designation.</p> <p>b. Other credentialing bodies or regulatory agencies may inadvertently omit the ACAS title when designating who is a qualified actuary.</p> <p>c. Associates may still consider themselves second-class members.</p> <p>d. Determining which exams are needed for an ACAS to achieve FCAS status will continue to complicate the exam process.</p> <p>e. Other actuarial organizations, such as the IAA, may not recognize the ACAS designation.</p> <p>f. The run-off process will require an entire generation to be completed.</p> <p>g. Puts additional pressure on students to pass Parts 1-7 before the transition period expires.</p>

In options 1-4 above, the granting of Fellowship status is automatic after some period of time. In options 5 and 6, the ACAS designation would become a “run-off” designation. That is, at some point in time no new candidates would qualify for ACAS but an ACAS who does not achieve Fellowship would continue to be designated an ACAS with all the rights and responsibilities that apply to that class. Should the Board adopt a transition rule that includes a “run-off” mode for Associates, it must recognize the need to be vigilant in protecting the practice rights of all its members, including Associates who remain in a run-off mode.

In considering each alternative, the Task Force was cognizant of the practice rights and financial reward available to the ACAS and about to become available to those on the road to ACAS upon attainment of the Associate designation. In addition, the Task Force acknowledged that the educational requirements for Associateship and Fellowship have changed significantly over time as detailed in a companion document to this report entitled Combined Introduction to the Reports of the Task Force on the ACAS Vote and the Task Force on Classes of Membership. Thus, trying to equate a current ACAS and a current FCAS was as futile as equating two Associates or two Fellows who received those designations at different times in CAS history.

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preferred requiring completion of some additional requirement beyond ACAS to become a Fellow, with the result being that some number of Associates would remain in a run-off mode.

The transition rule most preferred by Task Force members, and therefore closest to a consensus recommendation, is one wherein we continue to offer the Associate designation for a limited period of time, not to go beyond 2008, and at the end of 2013, when all Associate members of the CAS will have held that designation a minimum of 5 years, automatically grant FCAS status to all remaining Associates.

Qualifications for Membership in the CAS

The CAS Constitution charges the Board with prescribing a set of requirements one must complete to be enrolled as a member of the CAS, whether as an Affiliate, Associate or Fellow. The Task Force does not feel qualified to opine on the curriculum that should be completed. It does wish to note that there is material on the current Fellowship exam syllabus that is required by the International Actuarial Association for recognition as a qualified actuary. Thus it would appear that the current Associate Syllabus is not sufficient for defining future members of the CAS. As for the number of exams, the Task Force believes that eight may be the ideal number to both cover the required material and to address travel time concerns. Regarding both the question of the content of the syllabus to complete for membership and the number of exams needed, despite having offered its opinions, the Task Force cautions that it is not expert in these areas and would defer to the educational bodies of the CAS to better address these questions.

Paths to Membership in the CAS

The Task Force supports the current system of a single path via examination to Fellowship, rather than selection of a course of study from among several options. We considered whether there should be separate paths to the same single class of membership, such as separate tracks for Ratemaking, Reserving, Reinsurance, etc. We rejected this concept as we preferred a common set of examinations implying a common body of knowledge, we recognized that many actuaries would practice in different areas over their professional careers, and we were aware of the need for any common syllabus to meet international requirements for recognition as a qualified actuary. However, this is not to rule out a future decision to develop a large common core of material with some specialization options as part of a membership curriculum.

We also considered whether there should be multiple paths to membership wherein there may be different classes of membership. As an example, we questioned whether we should allow for a class of membership for a student who wished to spend their entire career in a particular area of actuarial practice such as rate analysis, development and filing, and therefore elected to limit their actuarial knowledge to these particular areas. The Task Force rejected this concept for the reasons articulated in the paragraph above and also because it believed that one should have demonstrated the knowledge needed to practice effectively in the evaluation of hazard risk and in the integration of hazard risk with strategic, financial and operational risk to hold the title of Fellow of the Casualty Actuarial Society.

Proposed Changes to the Constitution and Bylaws

These issues are yet to be addressed and should be addressed after further direction from the Board as to the likely course of action.

Board Straw Polls on Classes of Membership

The May Board Meeting included a series of straw polls of the Board and EC members. The results of the polls are recorded below. The straw polls were not binding on the Board.

1. Do you favor the establishment of only one class of credentialed member?
17 Yes; 1 No; 3 Abstain.
2. Do you favor the establishment of a class of non-credentialed junior affiliation, whether designated as a “member” or otherwise?
19 Yes; 0 No; 2 Abstain.
3. Should all candidates be subjected to the CAS’s professional standards such as the Code of Professional Conduct?
21 Yes; 0 No.
4. Should the junior affiliation, even though not credentialed, still be considered “membership” in the CAS?
2 Yes; 14 No; 5 Abstain.
5. What level of education should be required for the new FCAS?
0 current level of ACAS; 6 current level of FCAS; 14 in between; 1 Abstain.
6. How should the CAS handle existing ACAS at the time of the transition?
10 an additional requirement to become FCAS; 9 no additional step except tenure; 2 Abstain.
7. For how much longer should the CAS continue to offer the ACAS designation?
14 Three to five years; 5 Seven to ten years; 2 Abstain.

Member Advisory Panel Survey on the Report of the Task Force on Classes of Membership

Executive Summary

The Member Advisory Panel (MAP) was formed in 2004 to provide CAS leaders and committees with access to a representative collection of members who are willing to participate in surveys and research conducted by the CAS. The MAP is managed by the Member Advisory Panel Committee.

The purpose of this MAP survey was to gather feedback on the recommendations of the Task Force on Classes of Membership. The survey was sent to the 54 members who comprise MAP, and 53 completed surveys (98.1%) were submitted. The following are the key findings of the survey:

- Over two-thirds of the respondents (69.8%) agreed with the Task Force recommendation that there should be only one class of membership in the CAS.
- A majority of the respondents (52.8%) agreed that there is a need to recognize exam progress prior to FCAS.
- Of the respondents who agreed that there is a need to recognize exam progress prior to FCAS, exactly half (50%) agreed with the Task Force recommendation to award a certificate of achievement in actuarial science.
- More than eight in ten of the respondents (84.9%) agreed that all CAS exam candidates should be subject to the Code of Professional Conduct.
- More than three-fourths of the respondents (77.4%) disagreed with the Task Force recommendation to grant all ACAS members the FCAS designation after a set period of time, without additional exams or course completion. Nearly half of the respondents (45.3%) strongly disagreed with this recommendation.
- Of those who disagreed with the Task Force recommendation on how to handle the ACAS members if the CAS were to go to one class of membership, nearly nine in ten (87.1%) agreed that ACAS members should be required to complete additional exams or courses prior to receiving the FCAS designation.
- The respondents were split between those who agreed (45.2%) and disagreed (47.1%) with the Task Force recommendation that the future requirements to become an FCAS should lie somewhere between the current ACAS requirements and the current FCAS requirements, with the material covered in eight examinations.
- Among those who disagreed with the Task Force recommendation regarding the future requirements to become an FCAS, more than three-fourths (83.4%) indicated that the requirements should be similar to the current FCAS requirements.

- There was not a majority of respondents who either agreed or disagreed that the Task Force recommendations would enhance the CAS's ability to attract bright, talented people to the property/casualty actuarial profession, with one-fourth of the respondents (24.5%) offering no opinion on the question. A slightly greater percentage of respondents (41.5% vs. 34%) agreed that it would help attract people to the profession versus those who disagreed.

In conclusion, survey respondents had strong opinions (i.e., 75% of the respondents said strongly agree/agree or strongly disagree/disagree) on the following issues:

- 85% agreed that all CAS exam candidates should be subject to the Code of Professional Conduct.
- 77% disagreed with the recommendation to grant all ACAS members the FCAS designation after a set period of time.
- 87% (of those who disagreed with the Task Force recommendation above) agreed that ACAS members should be required to complete additional exams or courses prior to receiving the FCAS designation.
- 83% (of those who disagreed with the Task Force recommendation that the future requirements to become an FCAS should lie somewhere between the current ACAS requirements and the current FCAS requirements) indicated that the requirements should be close to the current FCAS requirements.

Survey Methodology

Member Advisory Panel

The Member Advisory Panel (MAP) was formed in 2004 to provide CAS leaders and committees with access to a representative collection of members who are willing to participate in surveys and research conducted by the CAS. The MAP is managed by the Member Advisory Panel Committee. There were 54 members of the panel at the time the survey was administered.

Survey Purpose

The Task Force on Classes of Membership presented its report to the CAS Board during the May 2004 Board meeting. During the Board discussion, the Board expressed an interest in receiving input and comments from the membership on the recommendations of the Task Force's report.

Following the Board meeting, Shelly Rosenberg, chair of the Task Force, approached the Member Advisory Panel Committee about using the MAP to gather member feedback.

Survey Administration

Larry Haefner and John Wade of the Member Advisory Panel Committee developed the survey questionnaire in consultation with Shelly Rosenberg. The survey was designed to be completed through the CAS Web Site. Survey administration included the following steps:

- An e-mail was sent to the MAP on July 8, 2004 to alert the panel that a survey was forthcoming.
- On July 14, 2004, background material was provided to the MAP. The MAP was encouraged to review the Introduction to the Task Force Report - Background on Associateship and the Task Force on Classes of Membership - Report to the Board of Directors prior to completing the survey.
- On July 26, 2004, MAP received an e-mail announcing that the survey was available to be completed. The survey consisted of 15 questions. Respondents were asked to complete the survey by August 13, 2004.
- A reminder e-mail was sent on August 6, 2004.

Data Analysis

A total of 53 (98.1%) completed questionnaires were submitted to the CAS Office. Responses to survey questions were written to an Access database. The responses were then analyzed using Excel.

Survey Results

Demographic Questions

1. Currently, my CAS designation is:

Response	Frequency	Percent
FCAS	46	86.8
ACAS	7	13.2
Affiliate	0	0.0
Total	53	100.0

2. I have held my current CAS designation for:

Response	Frequency	Percent
< 1 year	2	3.8
1-3 years	11	20.8
4-5 years	6	11.3
6-10 years	15	28.3
> 10 years	19	35.8
Total	53	100.0

Questions on the Task Force Recommendations

3. The Task Force has recommended there be one and only one class of membership in the CAS. Do you agree or disagree with this recommendation?

Response	Frequency	Percent
Strongly Disagree	4	7.5
Disagree	11	20.8
No opinion	1	1.9
Agree	27	50.9
Strongly Agree	10	18.9
Total	53	100.0

Over two-thirds of the respondents (69.8%) agreed with the Task Force recommendation that there should be only one class of membership in the CAS.

Comments:

- We have had two classes for 80 some odd years, nothing wrong with keeping two classes
- I wasn't thinking this was necessary before the CAS announced it was being considered. However, I believe the reasoning that's been given is sound and I'm convinced.
- The current process allows a new ACAS to be a manager at most companies - and brings a high level of accomplishment recognition, credibility, and Academy membership. A FCAS

may have a 'second' opportunity beyond this, MBA type effort or other 'signal'. By lowering the first level, as discussed in question 2 (ACAS to certificate). The manager level for actuaries may be 'held' until full completion of exams. The dual class of membership right now doesn't devalue ACAS (except for voting rights) as it does lift up an extra effort to the FCAS that is a differentiation line for them in qualified members. Despite this I still answer agree based on the confusion dual membership creates on why an FCAS may be 'better' or more qualified, and the purpose of the exam / designation is to qualify professionals. The 'extra' opportunity will still be had by the 'executive types' who wish to differentiate themselves in other ways than the second level of membership.

- I have read the background information provided. This appears to be a solution in search of a problem. If adopted, this change will be a slap across the face of all Fellows who have sacrificed to pass the additional 2 or 3 exams required. If this train cannot be stopped, at least leave all current ACAS's at that level and eliminate this class of membership through attrition. Or, set a date for the ACAS classification to expire and require all current ACAS's to complete the required examinations for Fellowship.
- I think there is a role for an intermediate designation and that the criteria for Fellowship status should / could be even higher than it is today...that would create separation between the roles and educational differentiation.
- Yes, I think eventually we should have one class of membership. I definitely do not think we should give the Associate members an FCAS until they pass the required exams. Associate members should always be associate members unless additional exams are passed. You are negatively impacting current and future "True FCAS" persons by giving away a designation. Just let the Associate membership designation run-off over the next 30 to 40 years.
- Because outsiders do not fully understand the differences between our two classes of membership, we should not kid ourselves that the distinction is worth preserving.
- This opinion is conditional on the idea that current ACAS members are granted membership status.
- The Fellowship designation is too difficult to achieve to not allow any meaningful recognition short of that. Perhaps associateship could be achieved with one fewer exam and restricted in practice rights in some way.
- The requirements for Fellowship are different than for Associateship. They are not the same and should not be confused.
- One level of membership is good, but it should not be brought about by lowering the membership requirements to that of the Associate level.
- Degree of agreement depends on the provision of an intermediate "certificate" or whatever as I understand is to be proposed simultaneously, and on the requirements for membership being somewhat less than the current FCAS - if ACAS is sufficient to sign opinions and do other things now, do we need full FCAS knowledge for full membership if there is only one level?
- Agree provided that travel time is shorter than current FCAS travel time. Otherwise, strongly disagree.
- I don't understand the reason for rejecting a "junior" class of membership. Page 8 of 14 [of the Task Force report] simply states the conclusion, not the reason.

- Going to one class of membership is an abrupt change that would be very divisive and cause a great deal of disruption within CAS. The current system has been in place for a very long time and has become somewhat institutionalized. I would suggest modifying the current two tier designation system that is currently in place. 1) There is not enough impetus for change. The current system is not that problematic. 2) The road to FCAS is so long and challenging, that I think it makes sense to recognize individuals who went part way.
- There does not seem to be a significant enough difference to warrant two classes. Although I decided to go all the way to FCAS, it seems the incentive really isn't there to do so or for employers to want to pay for it.
- We should require proof of competence through completion of 7 exams including the context assuring ability to complete SAO's. Like Dr., we should create the opportunity for some to become recognized beyond the FCAS title as experts in a field of actuarial science through additional studies/employment experiences.
- I agree with this recommendation as a long term goal. I am not yet convinced that current ACAS members should be automatically entitled to FCAS designations. I do agree that conferring of the ACAS should be discontinued.
- Based upon my understanding of the current proposal, I believe the single class diminishes the accomplishments of FCASes and will discourage current ACASes from taking their remaining exams. I am already seeing a "wait and see" attitude from some of our longer term ACASes.
- There are no practical differences between the functions performed by associates and fellows.
- On a going-forward basis, this might not be so bad. For those who for whatever reason have become Associates and cannot complete the last few exams for Fellowship, there would need to be some fair way to treat these people.

4. The Task Force has recommended recognition of exam progress, approximately midway toward FCAS, by the granting of a certificate of achievement in actuarial science. Do you agree or disagree with the need to recognize exam progress prior to FCAS?

Response	Frequency	Percent
Strongly Disagree	5	9.4
Disagree	15	28.3
No opinion	5	9.4
Agree	19	35.8
Strongly Agree	9	17.0
Total	53	100.0

A majority of the respondents (52.8%) agreed that there is a need to recognize exam progress prior to FCAS.

5. If you (strongly) agree with the need to recognize exam progress prior to FCAS, do you agree or disagree with the Task Force recommendation to award a certificate of achievement in actuarial science?

Response	Frequency	Percent
Strongly Disagree	1	3.6
Disagree	5	17.9
No opinion	5	17.9
Agree	12	42.9
Strongly Agree	2	7.1
Blank	3	10.7
Total	28	100.0

Of the respondents who agreed that there is a need to recognize exam progress prior to FCAS, exactly half (50%) agreed with the Task Force recommendation to award a certificate of achievement in actuarial science.

Comments:

- I think ACAS should remain instead.
- A student who expects to "go all the way" recognizes when he/she is halfway. A certificate sounds pretty empty. The ACAS is a much nicer carrot to wave.
- The 'junior member' should include more than just the mathematical portion of the exam, so as to allow companies to recognize it means something to a limited scope practice area. It could have a few options. Junior Member - (insert practice area) reserving, pricing, other? (Pass the reserve exam and you can receive JM-R pass the pricing and have JM-P, pass both JM-RP after JM-XYZ you are full member. This would allow more recognition to this midpoint then just a certificate, but less than a full member. The difference is that for the junior or partial member, all practice areas need to be studied for full membership.
- The certificate should not be represented as a mark of competence to provide actuarial work products.
- The task force has left it for future decision what the worth of this certificate would be. But it seems to be fairly clear that it would not be much more than a high school diploma.
- If a progress diploma is awarded, it seems that it will be done so that there is some significance to it. Hence, we will be re-introducing through the back door a new, but watered-down Associateship level again. This is the wrong direction in which to go given current criticism of the profession in the area of reserving.
- I think a "junior" membership is preferable to a "certificate". The only problem with our current "junior" designation is that it confers full practice rights, i.e., the right to sign SAOs. The "recognition" level should fall short of that.
- Again, I prefer a stronger recognition, such as an ACAS status. In the event that it is eliminated, then I do think that some certificate is needed.
- Let's not create a new problem like the one arising with the current group of Associates.
- Although I disagree with the need to recognize exam progress prior to FCAS, I can see that it would be beneficial to employers who currently recognize the achievement of the ACAS designation with additional salary increases, new job titles, trips to CAS meetings, etc. Not

having an "automatic" interim recognition point will require employers to change the way they recognize the progression of students towards FCAS.

- I am not sure that a certificate would have much value.
- A certificate just seems silly and a slap in the face after all of the hard work to pass exams. Removing the ACAS designation removes a major stepping stone that has numerous professional and financial ramifications.
- If you are going to have one class of membership, don't then cloud the issue by having a certificate which might become a de facto lower class of membership.

6. Do you agree or disagree that all CAS exam candidates should be subject to the Code of Professional Conduct?

Response	Frequency	Percent
Strongly Disagree	1	1.9
Disagree	2	3.8
No opinion	5	9.4
Agree	22	41.5
Strongly Agree	23	43.4
Total	53	100.0

More than eight in ten of the respondents (84.9%) agreed that all CAS exam candidates should be subject to the Code of Professional Conduct.

Comments:

- This makes sense since most actuarial candidates are also gainfully employed in an actuarial capacity in direct contact with clients or in public service.
- Especially in the early stages of the process, many candidates are not practicing (they're in school, thinking about changing careers to become a casualty actuary, etc.). Even when candidates begin to practice, I think it's too soon. When I consider my own career, I wouldn't have really known what I was agreeing to at first. However, I do agree that the CAS shouldn't wait until fellowship to subject its practitioners to the code. A happy medium should be sought.
- Everyone obtaining benefits via association with the CAS should be subject to the Code. The CAS should clarify what sanction would be imposed on candidates that violate the code. Would the candidate be permanently barred from membership or would the candidate be forced to skip a certain number of exam periods?
- But, operationally, how do you do that?
- If they are not operating under the supervision or auspices of a CAS member, they should be required to uphold professional behavior while obtaining a designation. If they do not, how could we possibly say they had the character and temperament to do so once the requisite number of exams had been passed?
- The Code should apply to anyone.
- I might agree with this, but it is not clear that on the first day of a CAS exam candidate's career, he could possibly be subject to the Code. Certain aspects would certainly apply, but I would need to study this issue more completely to respond better.

- I recommend making the Professionalism course a requirement in order to receive the Certificate of Achievement.
- I agree to the extent the candidate is experienced enough to understand the ramifications of her/his actions. I would recommend that passing of the Code of Professional Conduct Course be required for eligibility for the certificate of achievement and that the exam candidates not be subject to the code until after receiving the certificate. A more rigorous alternative would include the creation of a separate test associated with the Code and actuarial standards of practice followed by the course.
- Anyone expecting to be an actuary should know and be willing to practice professional conduct from the very beginning of the process.
- I'm surprised that you even asked the question.
- This is an honorable and trusted profession. Anyone entertaining the idea of joining should understand and accept the responsibilities that come with it.
- Many people outside the actuarial community may not recognize that exam candidates are not "Actuaries," therefore to some extent they represent our profession and should be held to a higher standard.
- Though at what point would exam taking students be aware of the Code of Professional Conduct. That awareness/acknowledgement should be prior to requiring they must act in accordance with the Code.
- It would be nice, but under the proposed system, how would this be achieved? Plus, requiring any type of professionalism training earlier in the exam process could make people choose not to prefer this career.
- It is imperative that no matter what the level of qualification is (in particular if the intermediate designation of ACAS is eliminated) that the actuarial profession be held to high standards.
- We should do this before Part 1. "Doing the right thing" should be an integral part of being an actuary, and we should make an effort to screen out people who would cheat at the very earliest opportunity.
- I don't see any disadvantage to subjecting all candidates to the code. This can only be a good thing in my opinion.

7. The Task Force has recommended that the ACAS designation continue to be offered for a period of time after the announcement of the plan to go to one class of membership.

The Task Force considered several transition rules for current ACAS members and for those who will earn the ACAS designation. They may be roughly split into two types as follows:

Type 1 would require the completion of additional exams or courses prior to receiving the FCAS designation.

Type 2 would require some minimum amount of time as an ACAS prior to receiving the FCAS designation but no additional exam or course completion.

The Task Force has recommended a specific case within Type 2 wherein after some period of time post the last ACAS designation is awarded, say 5 years, all remaining ACAS members would be granted the FCAS designation.

Do you agree or disagree with the Task Force recommendation?

Response	Frequency	Percent
Strongly Disagree	24	45.3
Disagree	17	32.1
No opinion	0	0.0
Agree	9	17.0
Strongly Agree	3	5.7
Total	53	100.0

More than three-fourths of the respondents (77.4%) disagreed with the Task Force recommendation to grant all ACAS members the FCAS designation after a set period of time, without additional exams or course completion. Nearly half of the respondents (45.3%) strongly disagreed with this recommendation.

8. If you (strongly) disagree, should some specific case within Type 1 or some other specific case within Type 2 be proposed for the ACAS population?

Response	Frequency	Percent
Yes	31	75.6
No	7	17.1
Blank	3	7.3
Total	41	100.0

9. If yes, do you agree or disagree that it should be Type 1?

Response	Frequency	Percent
Strongly Disagree	3	9.7
Disagree	1	3.2
No opinion	0	0.0
Agree	13	41.9
Strongly Agree	14	45.2
Total	31	100.0

Of those who disagreed with the Task Force recommendation on how to handle the ACAS members if the CAS were to go to one class of membership, nearly nine in ten (87.1%) agreed that ACAS members should be required to complete additional exams or courses prior to receiving the FCAS designation.

10. Type 2?

Response	Frequency	Percent
Strongly Disagree	18	58.1
Disagree	9	29.0
No opinion	0	0.0
Agree	2	6.5
Strongly Agree	1	3.2
Blank	1	3.2
Total	31	100.0

Comments:

- I believe Option 6 in the Task Force report should be the preferred transition option, however it should be taken further by eliminating the ACAS designation entirely (dropping the letters) after an appropriate period of time (say 2013), to encourage "career ACAS's" to finish the exams. Those ACAS's should continue to be allowed to sign SAO's even after their letters are dropped to protect their practice rights, but they can no longer use the letters.
- Why not set an experience period, say 5 years, and migrate the ACAS members upon attainment? If an ACAS already has 5+ years of experience, what purpose does it serve to make them wait an additional 5+ years?
- If we are going down this route, make it painless for career ACAS's. We CANNOT force a long-time ACAS to pass exams, nor should we want to.
- It doesn't make sense that people should have to finish their careers with designations that have become irrelevant. I know a number of career ACASes. As a group, the more experienced ones are just as competent as the FCASes I know (with some better than others obviously).
- I agree with the confusion of an old designation and it seems the committee is proposing the fellow level be the level similar to academy membership requirements. This is the current ACAS + continuing education all ACAS do. It would seem fair to transition this level to the new program. This moves Fellows down to the ACAS level, but that appears to be what the recommendation is proposing. The one membership should be a qualified member, to not recognize the current ACAS is saying we gave some ACAS / MAAA designations to those who are not really qualified. The extra loss from a current fellow is true, but the direction this proposal seems to be pushing is the 'extra' exams and knowledge after membership is earned is going to be demonstrated in other ways. (Special interest seminars, continuing education, and how they implement that material at their job.) Perhaps more could be sold with this on how members who want to distinguish themselves beyond the one-class will still be able to do so thorough ...
- I do not agree that courses would substitute for examinations. Current ACAS's should attain FCAS status through examinations like all current FCAS's have done.
- Seems to me we should demand some sort of higher examination in order to achieve FCAS. I don't like the automatic grant after X years.
- The only way an ACAS should be able to obtain an FCAS is if all the exam requirements for an FCAS are met.

- If we lower the bar for any group of candidates, we detract from the value of the FCAS for all current Fellows.
- Any plan that would take away from the value of the current ACAS designation is unacceptable. These actuaries have worked too hard to achieve that level, and the syllabus assures that they are highly qualified.
- If we must transition ACAS to fellowship status, we must provide some assurance that the person has familiarity with additional material. It might be possible to develop a combined Exam 8&9 open only to current associates and graded in some more liberal way than current exams.
- If the objective as stated is to make one class of membership, then it also seems logical to award the FCAS designation to any Associate, who has worked in the Actuarial field for 10 or more years, post achievement of the ACAS. Forcing older ACAS to wait until 5 years has passed since the "last" award of an ACAS, simply means that any student, who gets his ACAS designation within the period between now and the last award of an ACAS designation, must wait only 5 years to become a FCAS. In the real practical world, the practicing Actuary with 10 or more years post ACAS, has probably been practicing at least 15 years (assuming that the average travel time to ACAS is about 5 years. Thus it seems that a standard that encompasses a certain period of time post ACAS is a fairer method of transition. An alternate idea would be to set up a committee on membership, whose duty it would be to recommend FCAS confirmation after an ACAS applies for FCAS, with a written resume of the Actuarial positions that have been held and what responsibilities they entailed. This process would weed out the non-practicing ACAS, who got a designation and does not plan to continue in the Actuarial profession.
- This will present a situation where people will take the easier route... People in the past have taken 2-3 years between Associateship and Fellowship, what's a couple of more years...
- I recommend Option 6 from the Task Force - the run-off of the ACAS designation, with exams 8 and 9 required for Fellowship. Otherwise, it is not fair to practitioners who completed all exams to achieve their FCAS. It cheapens the FCAS designation.
- The exam structure should remain unchanged. Current Associates can continue to pursue Fellowship or stop and retain their ACAS designation. The ACAS designation should continue to be offered for a period of seven to ten years. After this period has concluded, all students will have to meet the Fellowship requirements. This provides ample time for current and even new students to become an Associate, if that is as far as they want to go or are able to go. As an option, the CAS could specify that the ACAS designation is no longer available to students who have not passed at least one exam as of a certain date; students who have passed one exam, but have not met the ACAS exam requirements, would have a stated number of years (7 to 10) to meet the requirements.
- To balance the desire to "runoff" the ACAS designation as quickly as possible without giving current ACAS/near ACAS candidates a "free pass," I would recommend a more stringent version of type 2. A large majority of candidates will quit taking exams after ACAS attainment if they know they only need to hold out five years for FCAS. I also feel job experience and performance are more important than years since ACAS attainment. However, I understand that verification of these items is difficult. I would recommend seven years beyond the ACAS attainment, which for the great majority of candidates would ensure at least 10 years of work experience. It would also be a long enough time period to discourage most candidates from not taking the fellowship exams. I would also require two

letters of recommendation from FCAS's. This would hopefully serve as a proxy for job skills. An alternative would be to require 5 years for those ACAS candidates who have taken and scored at least a 5 on the fellowship exams. All other ACAS candidates would need to wait 7 years. This would give some further incentive for candidates to continue pursuing the exams. If 5 years after ACAS attainment is the only qualification, then I would prefer leaving the current ACAS members in runoff until they pass the fellowship exams or retire. I understand that this would require a long time before we would get to the desired result of one class of designation, but I think it is a better alternative than to encourage people to not complete the exam process.

- I believe there should no automatic granting of the FCAS designation for existing ACAS. I believe that no ACAS should lose their credentials. For those currently close to ACAS, I believe they should have the opportunity to gain ACAS within a reasonable period of time (such as 1-4 years). I realize this will create the undesirable situation of a "runoff" class of ACAS's.
- I realize there is some administrative hassle, but I feel those who did not feel it worth the additional effort to take the additional exams before should not be rewarded now by being granted the higher designation without the effort. I got a Masters degree as an aside to getting a PhD that never happened, and never put much value on the Masters as a result. I do not now want to get a FCAS designation in a way that will make me wonder about any other FCAS I might meet whether that person also was an "incomplete" FCAS (much as I dislike some features of the exam process we are required to undergo to get that designation).
- I think that the questions above are too vague. I feel that a time frame of having associateship, of say 15 years or longer, prior to the current time might be appropriate, perhaps with some exam requirement. This should also be accompanied by some proof of significant continued actuarial work. Career associates who have gone into another area of work do not need to become Fellows. I do not feel that any current non-associates should ever be grandfathered into fellowship; they should pass the Fellowship exams.
- I have observed a clear difference between the motivation, commitment and talent of a typical FCAS vs. the career ACAS. That distinction should be recognized.
- Assuming eight total exams, another option would be to automatically grant an ACAS with one fellowship exam an FCAS, but still require an ACAS without a fellowship exam to complete one.
- I favor a run-off approach. As of 2005 the designation would no longer be granted. The ACAS designation would be recognized until such time as all current associates either achieved fellowship or retired.
- It's ridiculous that ACASs should be given the FCAS designation when they clearly didn't earn it according to the rules at the time.
- Everyone given the designation of FCAS should meet the exam requirements. It is not fair to give it to someone who has only met the exam requirements for ACAS merely because time has passed.
- Seems to me that if the present core 7 exams are sufficient to be an ACAS and sign SAO's as well as assume significant responsibilities within major corporations, we should use this level as the "base-line" for FCAS. It is possible that further tweaking of these 7 (or if necessary 8 exams) to include appropriate exposure to general operation considerations, reinsurance, DFA, ERM concepts is required. Studies beyond that point should be duly noted with certificates/recognition. We should grant ACAS's, the FCAS status on a phased in basis to

rebase our Society for the future. Some may take this as a slight. However, we can all point to examples of ACAS's who have demonstrated more competency and common sense than some of our esteemed FCAS's possess. More than once in my career, I've wondered what competencies were truly rewarding.

- To receive FCAS versus ACAS I needed 3 additional exams. None of these had pass ratios appreciably above those for the lower exams. I find the Task Force's comments minimizing the difference between ACAS and FCAS exam requirements (both current and historical) to be insulting.
- Current ACASes that have not completed all of their exams are not FCASes in my mind. I think it is not equitable to give them a designation that so many have worked hard to achieve.
- If type 2 is followed, should there be a consideration to WHEN the candidate received their ACAS and whether they need to take additional exams (e.g., someone who got ACAS 10 years ago is probably not still in the exam process, but someone who got it last year probably still is taking exams -- I'd rather not see them resting for 5 years to get the free pass)
- If our public learns that any ACAS will become an FCAS by the mere passage of time, the perceived value of the FCAS will be reduced.
- I am especially opposed to the TF recommendation because it provides a disincentive for current candidates to complete exams past ACAS. Perhaps the proposed 5-year waiting period would offset that disincentive, but I can envision many of the current candidates achieving ACAS and then just waiting the 5 years and automatically becoming FCASs. I will admit that since my FCAS was achieved in 1982 it is not equivalent to an FCAS achieved today, but I think that the education component is an important part of the FCAS designation that cannot be replaced by 5 years of on-the-job experience.
- I would be in favor of a "run-off" concept for ACAS, similar to Option 6 in the Task Force draft. Although as noted, this will be a longer transition to one class and will be more difficult to keep track of, I believe it is the fairest option for both those in the pipeline and current FCAS.
- If we deem associates to be fellows, there will be no benefit to the last 3 exams I passed to become a fellow. We either need to find a way to change the two levels; or, if we go with one, maintain the same process to receive fellowship (9 exams).
- Career ACAS's don't want to take any more exams. So the option of either losing their associate status or forcing to take more exams will alienate a lot of people. Type 2 will alienate current FCAS who feel slighted that current ACASs didn't have to go through the same type of examination process. And what about FCASs who took 3-5 years to complete exams 8, 9, and 10. Now there will be people who can get their associateship in 2008, then just sit back, not have to study for a single exam, and become fellows in a reasonable time frame.
- I think it would be cleaner to allow terminal ACAS's to remain terminal ACAS's forever. Let the new candidates be treated according to the new rules (of one class of membership), and allow the people who started under the old rules to remain ACAS's. Giving those ACAS's an FCAS designation, on the other hand, seems unfair to those of us who are FCAS's.
- Under no circumstances should an ACAS be granted FCAS status without some additional work on their part. Many individuals with FCAS status have deliberately changed the course of their lives so that they could dedicate the necessary time needed to attain FCAS. It would almost be "criminal" to award FCAS status to an ACAS just because they have 5 years of work experience.

11. The Task Force has recommended that the future requirements to become an FCAS should lie somewhere between the current ACAS requirements and the current FCAS requirements. They have also recommended that the material be covered in 8 examinations.

Do you agree or disagree with the Task Force recommendations?

Response	Frequency	Percent
Strongly Disagree	12	22.6
Disagree	12	22.6
No opinion	4	7.5
Agree	20	37.7
Strongly Agree	5	9.4
Total	53	100.0

The respondents were split between those who agreed (45.2%) and disagreed (47.1%) with the Task Force recommendation that the future requirements to become an FCAS should lie somewhere between the current ACAS requirements and the current FCAS requirements, with the material covered in eight examinations.

12. If you (strongly) disagree with the Task Force recommendations, do you agree or disagree that the new requirements for FCAS should be more like which of the following:

Current ACAS requirements?

Response	Frequency	Percent
Strongly Disagree	14	58.3
Disagree	6	25.0
No opinion	0	0.0
Agree	0	0.0
Strongly Agree	3	12.5
Blank	1	4.2
Total	24	100.0

13. Current FCAS requirements?

Response	Frequency	Percent
Strongly Disagree	2	8.3
Disagree	0	0.0
No opinion	0	0.0
Agree	7	29.2
Strongly Agree	13	54.2
Blank	2	8.3
Total	24	100.0

Among those who disagreed with the Task Force recommendation regarding the future requirements to become an FCAS, more than three-fourths (83.4%) indicated that the requirements should be close to the current FCAS requirements.

Comments:

- There must be a way to reduce travel time. I've seen my share of bright, talented people leave the profession after 5 years of experience because of the exam process. I can't believe that this is good for the long term health of the CAS.
- While I think many of the advanced ratemaking topics should be understood by all actuaries, I think a good amount of the material is too specialized and should be left for "post-graduate work." I feel even more strongly about the investments topics -- most of the syllabus is not needed by most practitioners. The CAS does not need more memorization from its candidates (despite the efforts of the CAS, too many chairs are still wedded to this approach). It needs more business judgment. My recent experiences make it clear to me that the CAS has many members who, because they memorized techniques as part of the exam process without learning how and when those techniques should be used, are a detriment to the society.
- It was my view after reading the material the new member would be a qualified professional. This seems similar to the ACAS definition of today. At ACAS level of membership professionally the education is complete from academy, regulatory, and other viewpoints for all practical purposes (career ACAS as a prime example of this in practice). A current ACAS as the line would also give strong reason why the ACAS designation should be removed. If the current ACAS exam structure is not strong enough this should be the only reason to move to 8 exams. The worry of a disincentive of continuing exams to fellowship currently could also be viewed as an opportunity to more quickly transition to one class. The people in the window of working on exams 8-9 are losing less than the current fellows in the process of transitioning to one-class. Many benefits would be recognized of this ACAS line for member in transition: volunteers on exams 8-9 can be refocused on other things. The argument of continuing ACAS for x years would also become less material as ACAS would be the new member qualification. If the current exam process for ACAS is not enough material that needs to be adjusted to the 8 exams soon and let the ACAS turn into the new member – old FCAS have proven themselves and will continue to differentiate themselves as leaders I'm sure as shown on the résumé's of 'other' learning.
- I do not understand the drive of the CAS to make membership requirements easier. We have already dropped from 10 exams to 9, without a vote of current members. Much of the value of being an FCAS is the uniqueness of the credential. If we continue with the current path, the FCAS will continue to lose its value.
- I want to keep the ACAS and raise the bar on FCAS.
- We need to maintain the quality of the process by which the FCAS is awarded.
- The challenges of actuarial are increasing. If anything, there is a need for more, not less, education. Reducing the Fellowship exam requirement would be a step in the wrong direction and would be criticized by those who rely on the accuracy of our work products.
- I agree we should be looking for ways to reduce the travel time, but we need to be careful not to dilute the FCAS designation. A major reason the designation is so well regarded is that it

requires a strong candidate to complete and because a lot of knowledge is gained in the process. Close and careful investigation of ways to streamline the process should be undertaken. Although reducing the number of exams may be a result of such a thorough investigation, I don't think such a recommendation should be taken seriously until all alternatives are evaluated and until the details of such a recommendation are known. For example, how do we drop to 8 exams, just choose one to eliminate, or do we cut the fat out of other exams and somehow consolidate the syllabus?

- The exam process is too expensive, we must scale it back. I work in a "non-traditional" area, actuaries are well suited to the work that we do (insurance asset mgmt) but I will not hire an actuarial student who expects hundreds of hours off every year to study. Why bother when a CFA or MBA is just as good? (Two most recent hires: 1 MBA/CFA and 1 MBA/CFA Candidate.) A near ACAS would have fit the bill nicely but it's not worth the added cost.
- We were wrong to create 2 classes of membership that could sign SAOs. That should be reserved for a "fully qualified" actuary.
- I think the current FCAS requirements are too much. Eight exams sound like a good compromise.
- If it is absolutely necessary to have 8 exams to get it done then, so be it. However, I feel strongly that all this can be accomplished in a 7 exam framework. I'd be happy to assist in making it a reality.
- There is enough outdated/useless/poorly written material on the syllabus that can be eliminated without a loss of quality. As far as the number of exams needed, how was the recommendation of 8 exams determined?
- I'm not sure why we would want to reduce the knowledge base of the profession. If anything, as business becomes more complex, I'd think we would be expanding the scope of the educational requirements.
- We have built a good educational system - let's keep it as is.
- I think the idea of 8 exams for fellowship is a good idea. The needed material could be covered in 8 exams and fewer total exams would reduce travel time. However, there are important concepts covered on the exams between ACAS and FCAS that would be needed if candidate was going to be able to function at the full level of FCAS. The overall level of difficulty and important concepts covered should still be equivalent to the current FCAS level.
- Has anyone noticed how large the syllabus is currently? The move from 10 exams to 9 exams just meant you had to study more for each exam. Now squeezing everything into 8 exams will just mean longer and longer syllabuses. No one is going to believe that any significant amount of material will be cut.
- I don't believe that the FCAS designation should be easily conferred to those with the ACAS standing. There are probably a significant number of members who reached the ACAS designation and have not taken exams for several years. Therefore, I would prefer that the ACAS designees pass at least one additional exam to receive the FCAS status.
- I trust that the 8 exams mentioned in the proposal would cover the same depth of material covered in the current FCAS requirements. I don't think the "number" of exams is as important as the amount of material that is being covered on those exams.

14. The Task Force has recommended that the CAS continue to offer the ACAS designation for some period of time after the announcement of the change to one class of membership. When should the last ACAS designation be offered?

Response	Frequency	Percent
0-3 years from the announcement	25	47.2
4-5 years from the announcement	22	41.5
6-10 years from the announcement	3	5.7
Blank	3	5.7
Total	53	100.0

Regarding the Task Force recommendation that the CAS continue to offer the ACAS designation for some period of time after the announcement of the change to one class of membership, almost half (47.2%) indicated that the last ACAS designation should be offered 0-3 years after the announcement, while slightly fewer (41.5%) thought that the last ACAS designation should be offered 4-5 years after the announcement.

15. The ongoing ability of the CAS to attract bright, talented people to the property/casualty actuarial profession is critical to the future success of our Society.

Do you agree or disagree that the Task Force recommendations will enhance our ability to attract those people?

Response	Frequency	Percent
Strongly Disagree	3	5.7
Disagree	15	28.3
No opinion	13	24.5
Agree	20	37.7
Strongly Agree	2	3.8
Total	53	100.0

There was not a majority of respondents who either agreed or disagreed that the Task Force recommendations would enhance the CAS's ability to attract bright, talented people to the property/casualty actuarial profession, with one-fourth of the respondents (24.5%) offering no opinion on the question. A slightly greater percentage of respondents (41.5% vs. 34%) agreed that it would help attract people to the profession versus those that disagreed.

Comments:

- We have a PR problem that won't be solved by tweaking the class structure. However I agree with going to 1 class.
- If members believe that the credentialing process is a fair and reasonable one, that's what they will communicate to college students. However, if members are instead advising college students that the exam process is brutal and it takes 8-10 years to complete, how attractive is that?

- If anything, the prospective Actuary will wonder what happened to the ACAS. I don't see how one class of membership does anything to enhance the CAS.
- I think for many entry level actuaries, the P/C and life choices are more a function of availability. Keeping in step with the SOA as long as reasonably possible allows the decision point to be prolonged to which area the student will be employed. If P/C diverges too much, too early, it would be interesting to see how schools respond. They already appear SOA focused. The main thing that I think will keep bright people coming (at least those focusing on it from college) is the openness to recognize whatever we can of joint material so no 'credit is lost' and the P/C choice is not a backwards step in exam progress. If P/C is a backwards step, only those that can't get an SOA job will choose to prolong the exams.
- I can see that it is beneficial to have one membership but I don't think it will make even the slightest difference to attract bright talented people. It would probably do the opposite because there would be no option to quit at an Associate Level which is less stringent.
- It will be very hard to demonstrate a causal relationship between the proposed changes and subsequent changes in entry of new candidates, but we should strengthen the standards for CAS members in any event.
- The travel time increase would be a disincentive. Also, the possibility of a Life associateship would also lure candidates.
- This is a great question, but I'm on the fence as to the impact.
- The CAS had fewer exams in the more distant past, and it is not clear that this caused relatively more people to join the profession. After all, a potential candidate will not know that there used to be ten exams and now there are "only" eight. It will still appear to be a much greater hurdle to overcome than a career in computer engineering or something similar.
- Bright, talented people do not have trouble passing CAS exams.
- I don't see these recommendations having any significant effect on attracting candidates to the profession. I don't see it having the opposite effect either. Finding ways to reduce travel time, without diluting the process would have a more significant effect.
- I consider having an exam process more closely related to the work to be performed to be of much more importance to the ability to attract the right people, however.
- It all depends on what this does to travel time.
- Our biggest problem is deciding what we're going to do with the current ACASs that don't become Fellows. Let's not make more of them than we have to.
- I think it will be neutral.
- I think this will help, but a lot more work needs to be done on our education system. It still takes way too much time and too many company resources for someone to reach Fellowship.
- Travel time is a consideration for people choosing the profession. A long travel time is a barrier to entry for some very talented people.
- I agree, if you can further tweak toward practicality without offending current FCAS's.
- It might attract some people who found the exam process to be too rigorous. The question is -- are these the right people to attract?
- We need to test on valid material that benefits the profession. The volume of the material is not the important piece.
- I agree with the concept of one class and except for the points of disagreement outlined above, I think the Task Force recommendations will continue to attract talented future actuaries.

- The way to make it more attractive is to bring the exams back down to earth. Most of the people I know taking exams hate the exam process because of the level of difficulty combined with poor, outdated material, etc.
- The ACAS as a stepping stone and recognition point was a major reason I was attracted to this profession. I can't imagine many companies tying a lot of financial & promotional incentives to just completing half of the exams, especially when a lot of people will have 2-3 exams coming out of college. It was also unclear as to whether there was going to be a time requirement aspect to achieving FCAS under the proposed system. I believe the addition of a time requirement would be absolutely disastrous. Why would I ever choose a profession where I could finish the exams in 5 years, but not be recognized as a fellow for 8 or 10 years? No bright, talented person is going to choose that option. The best and brightest want to reach pinnacles and achievements as fast as possible. It would also reduce motivation to pass exams quickly. I am seriously concerned that this possibility will greatly dilute the talent in the CAS.
- I will qualify my opinion by adding only if there is reform in the current exam system. Today people have choices in pursuing other financial careers that require a fraction of the dedicated time and equally as rewarding financially.