AGENDA

- Preliminary Education
- Fundamentals of Actuarial Practice
- New CERA Requirements
- Restructuring of FSA Tracks
- New FSA Tracks and Transition Rules
- General Insurance Track
Preliminary Education
News by Exam

- Exam P – no changes
- Exams FM and MFE – Third edition of McDonald due next month. Committee is at work on transition
- Exam MLC – Considering adding written answer portion in 2014. CBT on hold pending spreadsheet and written answer implementation
Exam C

- Fourth Edition of *Loss Models* out soon
  - Retained (mostly) only tested material
  - Expanded material on simulation and mortality table construction
  - No change to Fall 2012 exam
- Advanced material in separate edition
Exam C

• New text – *Understanding Actuarial Practice*, replaces four previous texts
• New risk
Fundamentals of Actuarial Practice
FAP changes in 2012

- New text – *Understanding Actuarial Practice*, replaces four previous texts
- New risk management text – *Corporate Value of Enterprise Risk Management*, helps meet first two of the seven CERA Global Association learning objectives
- Risk management content in Module 4 exercise and Interim Assessment
New CERA Requirements
Motivations for Change

- Incorporate significant developments in enterprise risk management (ERM) education and practice
- Ensure continued compatibility with the CERA global treaty
- Ensure that the SOA leads in ERM education and certification
- Provide an accessible pathway for any FSA to obtain the CERA credential
changes to CERA (effective July 1, 2012)

1. Added Corporate Finance topic for VEE (Validation by Educational Experience)

2. Added Fundamentals of Actuarial Practice (FAP) Course
   - Updated ERM material in FAP
   - ERM material on FAP course provides foundation for ERM exam
Changes to CERA  (effective July 1, 2012)

3. Added new ERM exam (eliminated Advanced Finance/ERM exam)
   • 4 hour ERM only exam
   • 1 hour of ERM exam is case-study based and is practice-area specific
   • Courseware

4. New ERM Module (replaces Operational Risk module)
   • Emphasizes practical application of ERM
   • Coordinated with FAP and ERM Exam
New CERA pathway (effective July 1, 2012)

- **NEW** Stronger ERM content
- **NEW** Important to ERM
- **NEW** ERM Exam (4hr) replaces AFE (6hr)
Restructuring of FSA Tracks
Motivations for Change

- Allows candidates pursuing fellowship to earn the CERA credential with only two additional exam hours
- Opportunity for a comprehensive review and restructuring of current fellowship tracks beyond regular review cycles
Basic Structure – FSA without CERA

- Two 5-hour examinations
- One 2-hour examination
- Three e-Learning modules
- Decision Making and Communication (DMAC) module
- Fellowship Admissions Course (FAC)

(Does not apply to the new Corporate Finance and ERM track)
Basic Structure – FSA and CERA

- Two 5-hour examinations
- 4-hour ERM examination
- ERM e-Learning module
- Two additional modules*
- DMAC and FAC

* Three additional modules may be required for the general insurance track. The ERM module is either required or optional for all other tracks.
Transition rules

- Specific rules for each track
- General structure announced March 2011
- Details at soa.org
# Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Transition Element</th>
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<tbody>
<tr>
<td>July 1, 2012</td>
<td><strong>New CERA Requirements effective</strong></td>
</tr>
<tr>
<td>July 2012</td>
<td>ERM Module available</td>
</tr>
<tr>
<td>Fall 2012</td>
<td>ERM Exam offered for 1&lt;sup&gt;st&lt;/sup&gt; time</td>
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<tr>
<td>Fall 2012 &amp; Spring 2013</td>
<td>AdvF Transitional Exam offered</td>
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<tr>
<td>July 1, 2013</td>
<td><strong>New FSA Structure effective for all tracks</strong></td>
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<tr>
<td>July 2013</td>
<td>FSA track modules available</td>
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<tr>
<td>Fall 2013</td>
<td>Both FSA 5-hr exams offered for 1&lt;sup&gt;st&lt;/sup&gt; time*</td>
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<tr>
<td>Spring 2014</td>
<td>FSA 2-hr exams offered for 1&lt;sup&gt;st&lt;/sup&gt; time</td>
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*2-hr track exam for Retirement Benefits will be offered beginning Fall 2013
Quantitative Finance and Investments Track (formerly Investment)

- Now independent of the Finance and ERM track
- Exams not nation specific
- First exam is Core topics
- Second exam is Advanced topics
- Two-hour exam is Investment Risk Management
- A new module on financial modeling
Quantitative Finance & Investments
Recommended order of requirements

Financial Modeling Module

Financial Reporting (any time)

ERM Module (any time)

QFI-Core Exam (5)

QFI-Advanced Exam (5)

Investment Risk Management (2) or ERM (4)* Exam

DMAC Module and FAC

*ERM Exam can be taken out of sequence, but ERM Module should be taken prior to exam.
# QFI track transition rules

<table>
<thead>
<tr>
<th>Current</th>
<th>Future</th>
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<tbody>
<tr>
<td>FETE</td>
<td>QFI-Core and Investment Risk Management</td>
</tr>
<tr>
<td>APM</td>
<td>QFI-Advanced and Investment Risk Management</td>
</tr>
<tr>
<td>Financial Reporting module</td>
<td>Financial Reporting module</td>
</tr>
<tr>
<td>Operational Risk module</td>
<td>ERM module</td>
</tr>
<tr>
<td>Financial and Health Economics or Investment Strategy modules (but not both)</td>
<td>Financial Modeling</td>
</tr>
<tr>
<td>Financial and Health Economics and Investment Strategy modules</td>
<td>If no other modules, must take ERM; If have completed a third module, no further requirements</td>
</tr>
</tbody>
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General Insurance Track
Background: Motivations for Change

- Completes the SOA’s educational offerings
- Strengthens preliminary education topics already on SOA syllabus
- Offers candidates more time to make a specialty track decision
- Allows for expansion of PD to general insurance topics
- Serves members and candidates internationally
General Insurance Track

- Details are being developed
- Use of ERM module not decided
- Placement of nation specific material not decided
- Transition rules to be determined
- Expect announcements in December or January
- First Exam, Fall 2013
General Insurance (tentative)
Recommended order of requirements

Financial and Health Economics Module → General Insurance Core Exam (5) → General Insurance Advanced Exam (5)

General Insurance Module (both required, in any order)

Choice of General Insurance Noncore Exam (2) or ERM (4)* Exam

Module to be determined, ERM Module may be allowed as choice

DMAC Module and FAC

*ERM Exam can be taken out of sequence, but ERM Module should be taken prior to exam.
Questions