

The QRA Proposal

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Background

In 1999, the Society of Actuaries created a task force to examine future of SOA qualification system.

***Report of the Task Force on Education
and Qualification 2005***

August 2001

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Task Force Members

- Representatives of
 - SOA
 - CAS
 - CIA
 - IA/FA
 - IAA

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•SoA Strategy

- Define and maintain a core skill set that provides the tools for the modeling and management of the economic consequences of contingent events.
- Provide certification and membership in the Society of Actuaries to those who demonstrate mastery of the specified core skill set.

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Supporting Goals:

- The number of members, including those outside the current sources, is significantly increased.
- Worldwide recognition of this designation is attained.
- The best and brightest are attracted to this designation.
- University-based supportive curriculums are significantly increased.
- Designation is widely valued.
- A variety of routes will be available for students seeking this designation.

Strategy

Offer certification of a variety of accomplishments while preserving the designations of FSA and ASA for those demonstrating commensurate depth and breadth.

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Supporting Goals:

- A basic education curriculum is established and recognized broadly by other actuarial organizations as well as by other risk professionals.
- Identifiable sets of members satisfy the IAA syllabus requirements.
- Travel time to the ASA and FSA designations is reduced to a minimum that does not compromise their value.

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Strategy

- Actively work to build an effective global actuarial community which supports the needs of members, employers, regulators and students.

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Quantitative Risk Analyst

- Defines a core skill set
- This core skill set is a basis for a variety of “actuarial” activities.
- Not linked to a specific country
- Skill set is available in universities
- None of skill sets are currently exclusively actuarial



Topics in QRA Content

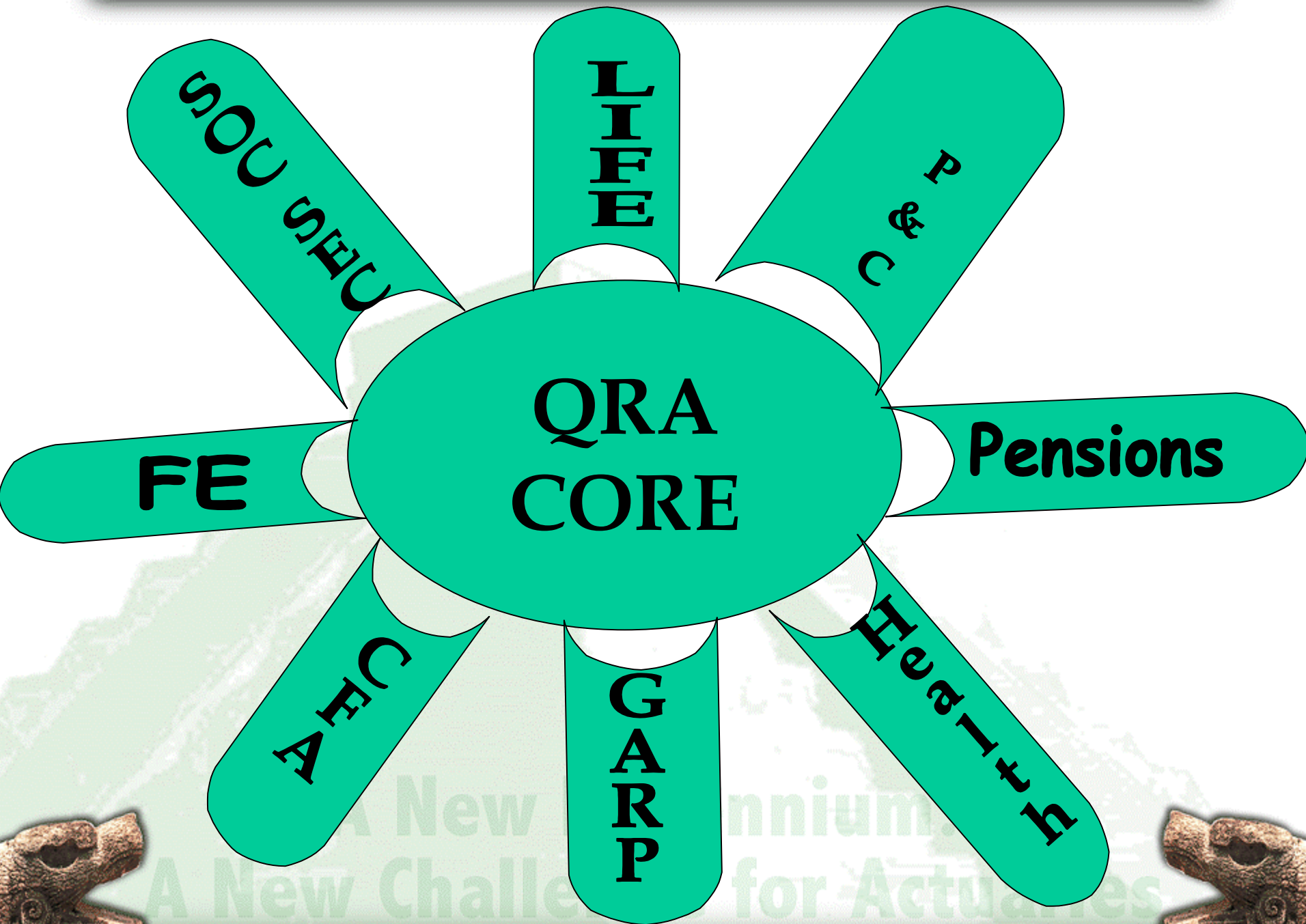
- Probability
- Statistics
- Economics
- Interest Theory
- Corporate Finance
- Investments
- Modelling
- Professionalism

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Rationale

- Focus on technical skills in an economic environment
- No specific actuarial topics such as insurance or pensions mathematics
- Creates possibility of expansion of “actuarial” activity to new areas
- Qualification retains individuals as members

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International Actuarial Issues

- QRA could be an international designation,
 - sponsored broadly by the various professional bodies
 - recognized as part of qualification process of those bodies
 - provide a basis for expanding the breadth of the profession globally



Relation with IA/FA strategy

- Three stages
 - Core technical
 - Core applications
 - Specialist
- Corresponds roughly in SOA to
 - QRA (except for Actuarial Mathematics)
 - ASA
 - FSA

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IA/FA proposal

- Core technical
 - Probability & mathematical statistics (101)
 - Financial mathematics (102)
 - Modelling (parts of 103, 104, 106)
 - Actuarial mathematics (parts of 104 & 105)
 - Statistical methods (parts of 103 and 106)
 - Economics (107)
 - Financial Accounting (108)
 - Investment mathematics (109)



IAA Paper

- Four stages
 - Pre-actuarial
 - Technical
 - Basic Applications
 - Advanced applications
- Similar to UK proposal but with actuarial topics separated out of Core Technical

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IAA Paper

- Focus on globalization
 - Pre-actuarial and technical have universal application
- QRA corresponds to the pre-actuarial component

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IAA Paper

- Focus on universities
 - Consistent with actuarial credentialling in many countries
 - IA/FA and IAAust have a significant University component and professional examinations as alternatives to candidates
 - QRA is opportunity for SOA/CAS
 - Topics are “pre” actuarial
 - Topics are already taught in many universities



SOA action/reaction

- Paper presented to Board in Oct. 2001
 - Mixed support for all the principles
 - Resistance strongest to examination “waiver” concept
 - Approved two new Task Forces to further develop “Pre-Actuarial” and “Actuarial” qualifications and processes
 - All under direction of Stuart Klugman FSA



Summary

- There is convergence in thinking around the globe
 - Trend to separate out pre-actuarial topics
 - Trend to more university recognition in countries that were traditionally professional examination-based
- However, the transition, will not be easy
 - Significant resistance in USA to change in the current system
 - 2005 Target seems unrealistic for the SOA

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