

[marypat.campbell@gmail.com](mailto:marypat.campbell@gmail.com)

September 8, 2009

Dear Fellow Actuaries,

I am Mary Pat Campbell, FSA, MAAA, an employee of The Infinite Actuary, which provides actuarial exam preparation. The following represents only my own opinions, and not those of the company.

I am sending my response to FEM in two parts. This letter concentrates solely on the governance issues in implementing FEM, and not on the merits of the proposal.

I direct the attention of the SOA Board members to Article III, Section 2, of the [SOA's bylaws](#) [excerpted]:

**SECTION 2. Requirements for Admission to Membership.**

a) **Associate Membership.** The admission of an applicant as an Associate is subject to the following requirements:

....

(iii) The applicant must pass the examinations prescribed by the Board of Directors for Associate membership; and

(iv) The applicant must comply with any further requirements the Board of Directors may prescribe.

b) **Fellow Membership.** An Associate shall be enrolled as a Fellow when he or she has passed the additional examinations prescribed by the Board of Directors for fellowship, subject to any further requirements the Board of Directors may prescribe.....

c) **Waiver of Examinations.** The Board of Directors may waive, subject to such other requirements as it may prescribe, any examinations of the SOA which it deems to be substantially equivalent to examinations required by another recognized actuarial organization and which have been passed by an applicant.

In my reading of this section, it is not clear to me that the Board may enact FEM through Board vote alone, and thus, enacting FEM would require a bylaws amendment, passed via membership vote through normal means.

A similar debate occurred twenty years ago regarding the legitimacy of the then-FEM implementation via Board vote. The SOA was under a different governance structure then, but I think it may help members of the Board to see the correspondence related to that matter, appended after this letter.

If the current language of the bylaws is not clear enough to prevent implementation of FEM via Board vote, I ask what sort of language would make such a requirement clear. I've also attached the petition for amendment that had been voted on previously [and short of the two-thirds requirement to pass]. Would such language make the need for bylaws amendment to implement FEM clear?

Legal issues aside, there is the matter of the fragility of such a program passed through Board vote alone, which would waste the time of universities attempting to gear up to satisfy the requirements of the program. As noted above, twenty years ago, a similar FEM proposal was passed by Board vote, an amendment to rescind FEM was put forth for voting and lost, and soon after FEM was repealed by Board vote.

The fragility of the process becomes plain: that which can be enacted by Board vote, can be dissolved by Board vote.

Enacting FEM by bylaws amendment [and thus requiring bylaws amendment to repeal] would give actuarial science programs trying to qualify some security that temporary political winds within the SOA would not take away any benefits of accreditation and exam exemptions for their students.

There is no great proof that the membership will be at all happy with the FEM proposal. For one, the announcement came as a bolt out of the blue for many. I had noticed the CIA FEM proposal in February 2008 and had discussed the issues created by such a program then, but the discussion was amongst a limited group of people. I had had plenty of time to develop my ideas, unlike much of the membership.

Some members may very well like the idea of FEM, and there is no better way than to show via direct membership vote. This comment period is another way to survey opinion, of course, but the timing of the comment period is such that the most passionate regarding this issue will be moved to respond, and will not necessarily reflect membership opinion as a whole. Those most passionately opposed may also be the most likely to create campaigns for Board seats in coming years on a one-issue platform: repeal FEM. Again, if FEM is implemented via bylaws amendment, changing Board composition alone will not suffice to repeal the program.

Thanks for your time and consideration,

A handwritten signature in black ink, reading "Mary Pat Campbell". The signature is fluid and cursive, with a long horizontal line extending from the left side of the first name.

Mary Pat Campbell, FSA, MAAA