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September 18, 2009

Via email: fem@actuarialdirectory.org

FEM Steering Committee
c/o the Society of Actuaries
475 North Martingale Rd., Suite 600
Schaumburg, Illinois 60173

Board of Directors of the Society of Actuaries (SOA)
Board of Directors of the Casualty Actuaries Society (CAS)
Board of Directors of the Canadian Institute of Actuaries (CIA)

On behalf of Mercer US, currently the largest employer of actuaries in the United States, we are writing to strongly oppose the proposal to grant SOA exam credit based on college credits. While we understand the desire to improve the process of accrediting actuaries, we believe that the current proposal would be a significant mistake and detrimental to the profession. We also object to the manner in which this proposal has been presented to the membership. The very short response time, at a time when so many actuaries are trying to squeeze in vacations, on such a tremendously significant matter is entirely inappropriate. Our concerns about the proposal include the following:

1. Control over the rigor of the educational process would be virtually impossible. Currently, the examinations provide a rigorous, objective and uniform standard of assessing the attainment of important educational objectives. We do not think that it is appropriate or in the best interest of the profession to replace that standard with a subjective accreditation standard, which is subject to external forces such as variations among professors, grade inflation or college administrators' needs to attract students.

2. A significant portion of unsuccessful exam candidates complete their coursework with reasonably high grades. If the coursework were sufficient, these students would not be unsuccessful at the actuarial exams. Since the courses do not consistently result in successful candidates, either the quality of the teaching or, more likely, the breadth and depth of the material covered in such courses would need to significantly increase. Such an increase does not seem likely to occur in the current environment. In short, the best way of accrediting and monitoring a course is seeing if its students can pass exams. If they can pass the exam, there is no need for separate accreditation.

   However, we would support modifying the exam calendar to better align the timing of exams with the academic calendar, to allow students to complete an entire course before being required to sit for an exam.

3. We do not believe the proposed monitoring process will be effective. Monitors could come from two pools of actuaries and would reduce the already barely sufficient pool of talent that is needed to maintain the standards of excellence in the current education and examination program:

   A. Past or present academicians. These might be the most qualified monitors, but it is a small pool of actuaries with many inter-connected relationships. The need to maintain those relationships for professional reasons, along with other potential conflicts, would preclude the perception of independence, or worse, thus making this pool ineffective.

   B. Non-academicians. In general, we do not see how this pool of actuaries is qualified to assess curricula and the effectiveness in teaching it. Many of the SOA E&E volunteers are relatively young FSAs or near-FSAs. Would these individuals have the independence, respect and reputation needed to challenge tenured professors, effectively evaluate and potentially disqualify certain programs? The proposed accreditation process does not make a credible case for this happening.

      Further, we question where the volunteers will be obtained. Getting enough talented volunteers to write and grade exams is already difficult, and an enormous number of additional new volunteers would be needed to assess and monitor the programs of every college in the country that is seeking or trying to maintain accreditation for one or more actuarial exams.

      The concept of periodically assessing programs also creates another issue: What happens to the student halfway through a program if that program is decertified? We see no alternative that is fair to the student, maintains SOA standards, and does not raise the likelihood of litigation.

4. We believe allowing college credit would diminish the public perception of the actuarial profession and its credentialing process:

   A. We are unaware of any other profession in the US that has a credential based primarily on college credit, as would be the case with ASA. Other professions may require college credit as a pre-requisite for taking standardized professional exams, but the credits do not replace the exams.

   B. This diminished perception would degrade the value of the ASA, potentially to the financial and employment detriment of current ASAs as well as future ones.

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C. The diminished perception of the actuarial profession's accreditation process is likely to be reflected in litigation by plaintiff attorneys. The US profession is engaged in tremendously expensive daily battles to impress upon jurors and the public our qualifications and ability to self-regulate. Taking an action that will diminish – or even appear to diminish – our standards or public confidence in our abilities is counter-productive and inappropriate.

D. Actuaries enjoy a minimum of government interference in our exam program, especially compared to other professions. Abrogating our responsibility by turning it over to a myriad of organizations (colleges) who have no vested interest in maintaining high standards to become an actuary clearly seems counter to the best interests of the profession and the public, and may result in the government taking over our accreditation process.

As noted above, we believe this proposal is entirely inappropriate for the US profession. (We have no opinion as to whether the proposal would be sensible for the actuarial profession in other countries with different academic and legal environments.) We do not believe that the US actuaries support this proposal. If this proposal is adopted without a vote of the membership, we will circulate a petition to force a membership vote. Based on the number of actuaries who have expressed disapproval, we are confident that such a petition will gain the requisite signatures. We sincerely hope that the proposal will be abandoned and no such petition needed.

We appreciate your consideration of these comments. Any questions may be directed to Ethan E. Kra at 212 345 7125.

Sincerely,

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