

ERM Credential

President's Forum, April 17, 2007

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ERM Credential History



ERM Credential History

- June 2003: Approved organization of Risk Management Section
- October 2003: Approved changing Course 8 Finance exam to Course 8 ERM and Finance exam
- October 2004: Approved creation of task force to further explore concepts



ERM Credential History

- February 2005: Created ERM Implementation Task Force and directed KMSAT to explore new risk management credential
- November 2005: Passed a motion:
 - “Offer a new path to ASA with an ERM focus based on requirements consistent with the ERM credential recommendations of the Task Force by the end of 2006.”



ERM Credential History

- October 2006: Naming task force is created and staff group convened to oversee the implementation.
- March 2007: The BOG approves the name, “Chartered Enterprise Risk Analyst” (CERA) as the official name of the new SOA ERM designation.



Key Points

- CERAs
 - Are to be considered actuaries
 - Will complete an alternative ASA pathway and will receive their ASA designation at the same time as their CERA designation



Key Points

- CERAs who are also ASAs will pay the same membership fees as traditional ASAs
- CERAs who are also FSAs will pay the same membership fee as traditional FSAs.
- There will not be a situation in which a CERA will not also be either an ASA or FSA.



Key Points

- Marketplace Issues
 - CERAs will be employed primarily in banking and broader financial services (BFS), whereas the ASA will have its traditional stronghold in the insurance sector.
 - Marketing efforts will be directed at publicizing the unique skill set of CERAs.



Key Points

- Clear marketplace separation of traditional ASAs and CERA ASAs
- Parity of educational quality between the two pathways to ASA



CERA Requirements

- For individuals new to the field:
 - Exam P
 - Exam FM (2007 and later)
 - VEE Economics
 - Exam MFE (2007 and later)
 - Exam C (2007 and later)
 - Advanced Finance/ERM Exam
 - Financial Reporting and Operational Risk Module
 - Associate Professionalism Course (APC)

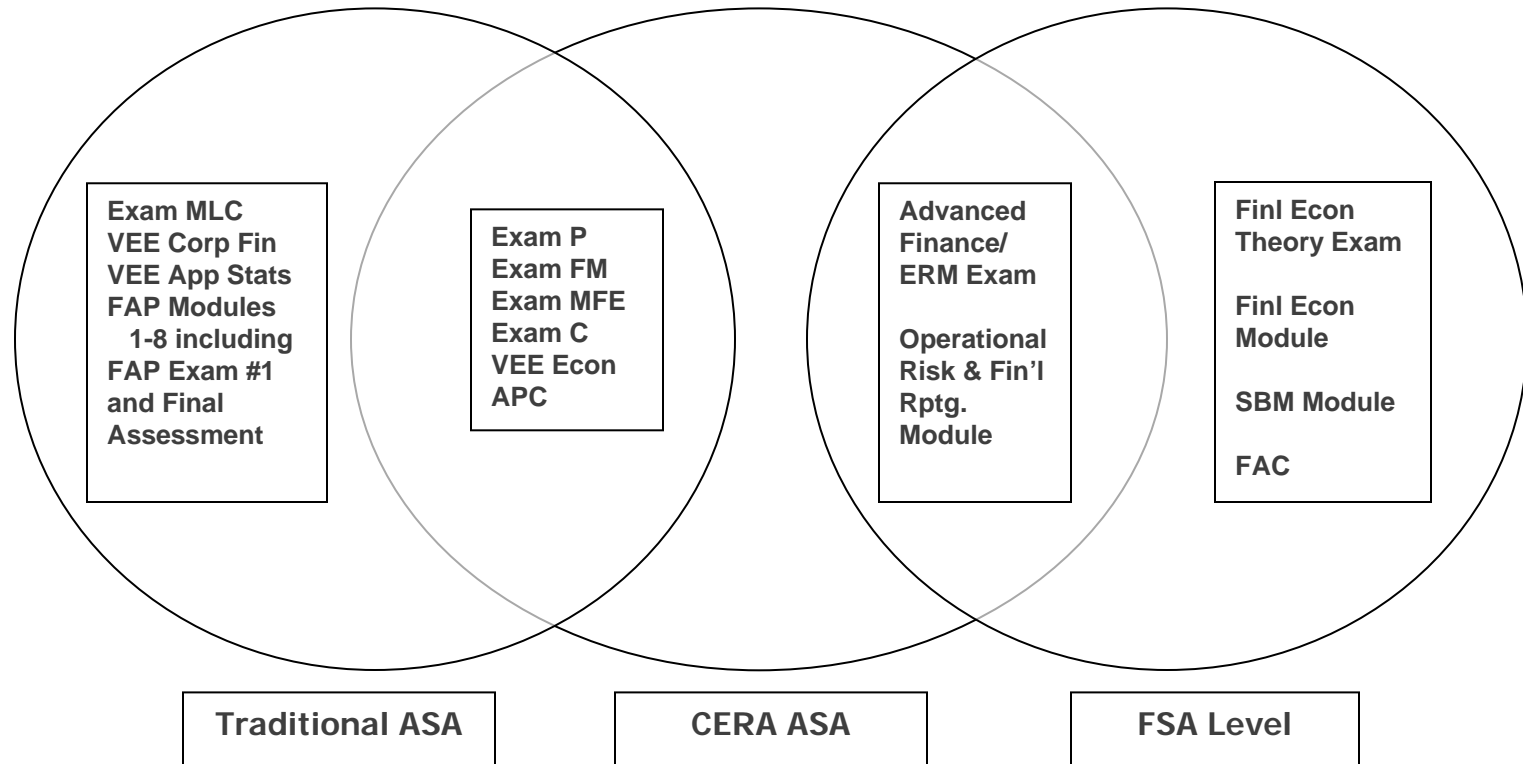


CERA Requirements

- For current members, prior exams that will give CERA credit
 - Exam P (2005, 2006) or Course 1 (pre-2005)
 - Exam FM (2005, 2006) & VEE Economics or Course 2 (pre-2005)
 - Exam M(2005, 2006) or Course 3 (pre-2005)
 - Exam C (2005, 2006) or Course 4 (pre-2005)
 - Course 6
 - Course 8E
 - Associate Professionalism Course (APC)
- There are 40 current SOA members who qualify for CERA.



CERA, ASA and FSA



Identification of CERAs

- For data mining purposes, the database will be set up so as to distinguish the possible membership categories:
 - ◆ CERA
 - ◆ ASA
 - ◆ FSA



FSA Level Components of CERA

- Advanced Finance/ERM Exam
 - Product Knowledge
 - Capital Funding and Structure
 - Financial Reporting
 - Measuring Value
 - Risk Management
 - ERM Framework
 - ERM Fundamentals
 - Credit Risk



FSA Level Components of CERA

- Financial Reporting and Operational Risk Module
 - Due out in August 2007
 - Learning Outcomes to include coverage of:
 - ◆ Valuation of liabilities and assets
 - ◆ Various financial reporting systems currently in use
 - ◆ Development of an operational risk management framework
 - ◆ Explanation of how operational risk assessment is integrated into an enterprise-wide portfolio risk assessment.
 - ◆ Description of ways to mitigate operational risks through changes in business processes, practices, policies, etc.



	Year 1	Year 2	Year 3
Person X			
Existing member who has already completed the "standard" ASA who later achieves the CERA	ASA 2002	MAAA 2005	MAAA 2005
<i>Assumption: the FSA does not supercede the CERA, but rather both are shown.</i>	MAAA 2005	CERA 2007	CERA 2007
	CERA 2007	FSA 2008	FSA 2008



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Designations

ASA 2002
MAAA 2005
CERA 2007

Academic Degrees

Other Professional Designations

Employment Type

Primary Area of Practice

Other Areas of Practice / Interests

Society of Actuaries Sections

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	Year 1	Year 2	Year 3
Person Y			
New member who completes only the CERA-level ASA requirements.	No designation	ASA 2008	CERA 2008
		CERA 2008	FSA 2009
Person Z			
New member who, in the same year, completes the requirements for the "standard" requirements for the ASA as well the CERA requirements.	No designation	ASA 2008	CERA 2008
		CERA 2008	FSA 2009



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Designations

CERA 2008
ASA 2008

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Next steps: Marketing



Key milestones

Milestone	Target Date
<ul style="list-style-type: none"> ✓ Advisory group created to develop and validate themes, appeals, messages, communication channels ✓ Initiate member, employer communications 	March
<ul style="list-style-type: none"> ✓ Leadership, key stakeholder review of marketing plan 	April
<ul style="list-style-type: none"> ✓ Recognize new credential holders ✓ Sales representative hired, activated 	June
<ul style="list-style-type: none"> ✓ Initiate marketplace communication through promotion, publicity, and advertising 	July

