



SOCIETY OF ACTUARIES

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GLOBAL CERA: AN INTERNATIONAL SUCCESS STORY

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A LITTLE OVER FOUR YEARS AGO, the Society of Actuaries (SOA) and 14 other actuarial education organizations took the unprecedented step of agreeing to collaborate to develop and administer a new credential in enterprise risk management (ERM), the Chartered Enterprise Risk Analyst (CERA). Prior to this ground-breaking achievement all of the major actuarial education and credentialing organizations had developed their own curricula and assessed their own credentials largely in isolation from each other while being mindful of meeting, and in most cases exceeding, the International Actuarial Association's requirements for accreditation as an educator of Fully Qualified Actuaries.

At times some of the actuarial organizations would agree to update each other on recent curriculum and content changes or the introduction of new forms of assessment, but there had never been a detailed level of scrutiny applied to these updates. Even the SOA and Institute and Faculty of Actuaries' benchmarking project, as comprehensive as it was (and still is), stayed clear of any meaningful comparison of learning outcomes. There had always been an unspoken agreement that each association knew best how to meet the needs of its local

stakeholders and that we were all educating and assessing above the minimum standard anyway, so why burden these associations with external review?

That changed in November 2009 when the SOA and 14 other actuarial organizations signed the Global CERA Treaty. The treaty established a framework for cooperation between the organizations to enhance, expand and promote the CERA credential worldwide. The goals were to provide a high-quality education for any candidate wanting to practice in ERM and to accredit successful candidates with the CERA credential so that they may practice within the jurisdiction of any award signatory association. The two major goals of the treaty are the creation of:

- One credential, based on mastery of one set of learning objectives, with accreditation applied on a consistent basis worldwide.

- A new organization (the CERA Global Association, or CGA) dedicated to promoting and administering the CERA credential worldwide.

These are very ambitious goals that have been achieved and continue to be successfully managed. We now have a valid worldwide CERA credential, a world first for the actuarial profession, as well as the infrastructure to support it.

The treaty requires that each association achieve award signatory status to grant the CERA credential to its successful candidates. To achieve award signatory status, each association applied to the CGA Board and had its application thoroughly reviewed by the CGA Review Panel. The Review Panel originally had one representative from each association that signed the treaty, but now it is composed of representatives only from associations that have achieved award signatory status.

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THE CERA CREDENTIAL from the Society of Actuaries reflects the actuary's evolution—from helping the world better understand risk to playing a leading role in an organization's risk management. Visit www.ceranalyst.org to learn more.

The reviews were quite onerous, but very worthwhile. Each award signatory applicant was required to provide the Review Panel with information on their education system relevant to the CERA credential. Applicants are required to demonstrate that they cover the global CERA learning objectives well and that they assess their candidates' performances with the necessary rigor.

The Review Panel learned a lot from these reviews, and this has led to emerging "best practice" for CERA education around the world. Every award signatory has made improvements to its CERA education system as a result of this work, including the SOA.

Responsibilities of the Review Panel also include reviewing each award signatory's education system after award signatory status has been granted. A review is scheduled each year as well as a very thorough triennial review during which the award signatory is subjected to a level of review similar to that required for their initial application.

The Review Panel recently completed a triennial review of the SOA's CERA education pathway. We are pleased to confirm that our pathway was rated very highly in this review. Some parts of our pathway were singled out for recognition by the Review Panel. For example, the case study used for the ERM examination has allowed us to ask better and more appropriate questions at a higher cognitive level on our ERM examination. This is recognized as a definite step forward in ERM education.

We recently adopted a new textbook that was written for candidates pursuing the CERA through another award signatory. The textbook was written to improve this other award signatory's CERA pathway. It is a two-way street because our members are

also writing new textbooks that are being adopted by other award signatories. This cooperation is leading to better education for all candidates.

The SOA Education Committee has been able to use what it learned from the Review Panel's work to revise the SOA's existing CERA pathway. Our new CERA pathway has opened up the credential to candidates in all practice areas. The new pathway has produced better coverage of ERM in our Fundamentals of Actuarial Practice course. In addition, it has enhanced the ERM module for all of our candidates and has created a more focused ERM examination. These are all very positive outcomes.

This work has taught us to better assess learning objectives and readings for our other examinations. All of our candidates will benefit from what we have learned. Again, this is a two-way street, as candidates in other associations are also benefiting from our work.

At this point there are 15 global CERA award signatories, who cover all of the major actuarial associations worldwide. New associations are now applying to become part of this process. We have momentum.

It is not all about education and credentialing. The CGA is hard at work promoting the credential. Until recently the focus has been on creating the infrastructure to support a global credential. Now the focus will shift to creating awareness of the global credential among actuaries and the public worldwide and to disseminating ERM content globally. All constituents, especially potential employers, will be getting a consistent message: Hire a CERA; we assure you that they have been properly trained and educated.

This is the most important change in educating actuaries that has occurred during our careers as volunteers for the SOA. The treaty has led to worldwide cooperation that has been critical and has fostered the worldwide development of ERM. Most actuaries will work in ERM in the future. Count on it. The best career advice we could give any new candidate would be to make sure you get a good education in ERM and get your CERA as part of that. You can take your CERA anywhere. **A**



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