



Report to ECC from the Board of Examiners

SEMESTER 2 2011

PART III

BOARD OF EXAMINERS' REPORT

INCLUDING C7A ERM

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CHAIR'S REPORT

SUMMARY

Examination Administration

The Semester 2 2011 Part III examinations of the Actuaries Institute ("Institute") were held from the 17th to 21st October 2011.

Pass Rates

The number of candidates presenting for the Semester 2 2011 Part III Exams, the recommended passes and the resulting pass rates are shown in the table below, together with the corresponding numbers for the previous three exam periods:

Table A: Recommended Number of Passes by Part III Course

	2011 (2)			2011 (1)			2010 (2)			2010 (1)		
	Sat	Pass	%	Sat	Pass	%	Sat	Pass	%	Sat	Pass	%
1 Investments	67	21	31%	80	26	33%	88	27	31%	93	33	35%
2A Life Insurance	49	10	20%	60	18	30%	55	17	31%	39	11	28%
2B Life Insurance	41	6	15%	41	16	39%	39	16	41%	63	28	44%
3A General Insurance	78	18	23%	72	24	33%	66	24	36%	76	28	37%
3B General Insurance	65	20	31%	58	20	34%	53	21	40%	63	22	35%
5A Invest. Man. & Fin.	26	16	62%	n/a	n/a	n/a	38	20	53%	n/a	n/a	n/a
5B Invest. Man. & Fin.	n/a	n/a	n/a	16	6	38%	n/a	n/a	n/a	34	19	56%
6A GRIS	n/a	n/a	n/a	18	9	50%	n/a	n/a	n/a	16	4	25%
6B GRIS	8	5	63%	n/a	n/a	n/a	13	7	54%	n/a	n/a	n/a
7A ERM	82	21	26% ¹	82	17	21% ²	63	22	34% ³	57	11	19% ⁴
CAP	87	48	55%	79	47	59%	102	56	55%	97	57	59%
Total	421	144	33%	506	183	36% ⁵	517	210	41% ⁶	538	223	40% ⁷

The Chief Examiners aim to produce consistent standard of passing candidates, rather than a consistent pass rate from year to year. This semester, the recommended overall pass rate of 33% is lower than the previous semester. The number of candidates sitting the Part III exams in the latest period shows a slight decrease over the previous semester.

¹ Figure represents pass rate in respect of non-Fellows only. The pass rate for fellows was 29%

² Figure represents pass rate in respect of non-Fellows only. The pass rate for fellows was 0%.

³ Figure represents pass rate in respect of non-Fellows only. The pass rate for fellows was 80%.

⁴ Figure represents pass rate in respect of non-Fellows only. The pass rate for fellows was 60%.

⁵ Figure represents pass rate in respect of all 79 CAP candidates and 82 C7A candidates.

⁶ Figure represents pass rate in respect of all 102 CAP candidates and 63 C7A candidates.

⁷ Figure represents pass rate in respect of all 97 CAP candidates and 57 C7A candidates.

Poor Exam Results for 2B and 2A

Of particular concern this semester are the low pass rates for 2B (12%) and 2A (16%), the lowest pass rates recorded for any subject for several years.

The Institute undertook for the first time an investigation into the performance of these students in these two subjects, focusing on the number of repeating students in these subjects and their performance in other part III subjects.

The following table sets out some statistics from these investigations:

	2B	2A
Pass rate	15%	20%
Number sitting the exam	41	49
Number of 1 st attempts	16 (39% of total)	16 (33% of total)
Number of repeating students	25 (61% of total)	33 (67% of total)
Number of students repeating 3 or more times	12 (29% of total)	14 (29% of total)
Pass rate of 1 st attempts	25% (4/16)	25% (4/16)
Pass rate of 1 st attempts on other Part III subjects	46% (19 passes out of 41 attempts)	25% (6 passes out of 24 attempts)
Pass rate of 1 st attempts on all Part III subjects	40% (23 passes out of 57 attempts)	25% (10 passes out of 40 attempts)
Number of times repeating students have sat this subject	74 (average 3 sittings)	86 (average 2.6 sittings)
Pass rate of repeating students attempts on other Part III subjects	31% (26 passes out of 84 attempts)	15% (9 passes out of 60 attempts)
Pass rate of repeating students on all Part III subjects	16% (26 passes out of 158 attempts)	6% (9 passes out of 146 attempts)
Number of repeating students receiving a D	17	11
Number of students who have not passed from 5 or more exam sittings (includes more than one subject)	3 (5, 6 and 11 attempts)	7 (5, 5, 6, 6, 7, 9 and 10 attempts)

The main conclusion is the poor quality of the candidates sitting the exams this semester, highlighted by:

- The significant number of repeating candidates (61% for 2B and 67% for 2A).
- The poor pass rates of 1st attempts, (25% for both 2A and 2B).
- The poor performance of repeating students, in terms of how many times they have sat these subjects as well the poor pass rates on other Part iii subjects (particularly for 2A).
- The number of students receiving a D on the 2nd or later attempt (17 for 2B and 11 for 2A). You would hope that students on their 2nd or later attempts would be getting closer to a pass with a C rather than D.
- Some students have never passed an exam from 5 or more attempts.

Fellows

If ECC adopts the recommended passes, the number of members that will be made Fellows (subject to attendance at a Professionalism Course and paying any relevant exemptions) will be:

Table B: Recommended Number of Fellows

Category	2011 (2)	2011 (1)	2010(2)	2010(1)
New Fellows	37	40 ⁸	40	51

Prizes

The following subject prizes were awarded for the 2011 calendar year:

Subject	Comments and Recommendation
C1: Investments	Recommendation: 111211 to be awarded the prize for Investments for 2011.
C7A: Enterprise Risk Management	No subject prize is awarded for this subject.
C2A and C2B: Life Insurance	Recommendation: 111108 to be awarded the prize for Life Insurance for 2011.
C3A and C3B: General Insurance	Recommendation: 112017 to be awarded the prize for General Insurance for 2011.
C5A and C5B: Investment Management and Finance	Recommendation: 112143 to be awarded the prize for Investment Management and Finance for 2011.
6A and 6B Global Retirement Income Systems	Recommendation: 111010 to be awarded the prize for Global Retirement Income Systems in 2011
10: Commercial Actuarial Practice	Recommendation: 112024 to be awarded the prize for Commercial Actuarial Practice in 2011.

Major Prize

Recommendation: 112103 to be awarded the Major Prize 2011.

⁸ 43 candidates completed all of the Part III Exams in semester one 2011, 2 of which are required to complete the Investments Bridging Course to become Fellows. Of these two, 1 has a pending result for 7A. 1 candidate has a pending result for CT7. Of the 40 eligible candidates, 10 have already completed the Professionalism Course.

Examination Administration

1. The Board

The Board of Examiners oversees the Part III examination process of the Actuaries Institute. The Board of Examiners consists of the Chair and his assistants and the Chief Examiners for each subject, supported by Institute staff.

1.1. Chair and Assistants

Chair	Gary Musgrave
Assistant Chair	Alistair Barker
Assistant Chair	Andrea McDonnell
Assistant Chair	Matthew Wood
Assistant Chair	Steve Miles
Assistant Chair	Adam Payne
Assistant Chair	Johnson Wong
Assistant Chair	Andy Siu
Assistant Chair	Jonathan Perkins
Assistant Chair	Adam Butt

1.2. Chief Examiners

Course 1:	Investments	David Pitt
Course 2A:	Life Insurance	Warwick Young
Course 2B:	Life Insurance	Gary Musgrave
Course 3A:	General Insurance	David Gifford
Course 3B:	General Insurance	Jim Qin
Course 5B:	Investment Management & Finance	David Pitt
Course 6B:	Global Retirement Income Systems	Stephen Woods
Course 10:	Commercial Actuarial Practice	Bruce Thomson

1.3. External Examiners

Course 1:	Investments	Bruce Graham
Course 5B:	Investment Management & Finance	Jack Ng

I would like to take this opportunity to thank all of the members of the Board of Examiners and their assistants for their efforts in preparing and marking the examination papers. The management of the examination process is an extremely important function of the Institute and it is currently being run by a small group of committed volunteers. I would also like to thank the Assistant Chairs, Alistair, Andrea, Matthew, Steve, Adam, Johnson, Andy, Jonathan and Adam for their support and untiring efforts in ensuring the overview process of the Board worked smoothly and that the quality of the examinations and results was maintained.

1.4. Meetings of the Board

The Board met on three occasions this semester as part of the exam process as follows:

Table 1: Meetings of the Board

Meeting	Purpose
14/07/2011	<ul style="list-style-type: none"> • Update on enrolment numbers and course offerings for this semester. • Identify Chief & Assistant Examiners and Course Leaders for each course for this semester. • Outline the responsibilities of Chief Examiners and this semester's schedule. • Review progress on the drafting of the exams to date
14/09/2011	<ul style="list-style-type: none"> • Discuss the status of this semester's examination papers, model solutions and sign-off process. • Discuss the marking spreadsheets and review the recruitment of markers.
30/11/2011	<ul style="list-style-type: none"> • Review the recommended pass lists and treatment of borderline candidates. • Review the recruitment of Chief Examiners and Assistant Chairs for next semester.

2. Administration and Exam Supervision

The Board of Examiners was ably assisted by a number of Institute staff, in particular Mr Philip Latham and Ms Rebecca Moore. Philip and Rebecca were responsible for administering the entire process and ensuring key deadlines were met, compiling and formatting the examination papers, distributing material to candidates and to exam centres, processing results and collecting historical information for the production of this report. They did a great job and the Board of Examiners team is indebted to them both.

The Part III Sydney and Melbourne examinations delivered by the Institute were once again run by an external consultancy – Language and Testing Consultancy (LTC). The Part III examinations delivered by Access Macquarie were arranged with the Macquarie City Campus and the Centre for Adult Education in Melbourne as venues. Other examinations were administered by Fellows or other approved supervisors.

3. Course Leaders

Since October 2004, Course Leaders have been appointed by the Institute to undertake a variety of tasks relating to modules 1-3 of the Part III education program. One of the roles of the Course Leaders is to draft examination questions in consultation with the Chief Examiners. The following is a list of the Course Leaders for this semester:

Table 2: Course Leaders

Course	Roles
1	Access Macquarie
2A	Steve Miles (exam), Aaron Bruhn (assignment) and Bruce Thomson (tutorials and discussion forums).
2B	Michael Lau, Ashley Wilson and Alana Paterson (exam), Steve Miles (assignment, discussion forums and tutorials).
3A	Natasha De Souza, Nadeem Korim, Darren Robb, Julianna Shing, Johnson Wong and Ashish Ahluwalia (exam), Rick Shaw (assignment), discussion forums (Felix Tang) and Andrew Huszczo (tutorials).
3B	Rick Shaw (exam, assignment, tutorials and discussion forums).
5A	Access Macquarie
6B	David McNeice (exam, assignment, tutorials and discussion forums).
7A	This course is run completely external to the Institute.
CAP	David Service

Another role of the Course Leaders was to draft assignment questions in consultation with each subject Faculty. The Board of Examiners was not involved in this process.

4. The Examination Process

This semester's examination process began with an initial meeting of the Board of Examiners. Once the Chief Examiners were appointed in all internally run subjects they met with Course Leaders (where applicable) to discuss the draft exam questions.

4.1. Question setting

The basic framework followed by each subject, excluding Course 7A, to setting exam papers is the same. This semester's Part III examinations were run on an open book basis. Each subject includes a rigorous review process. The general framework used to set examination papers is described as follows:

- The Course Leader (or equivalent) drafts the examination questions in consultation with the Chief Examiners.
- Draft exams and solutions are reviewed for coverage and fairness.
- A recently qualified Fellow scrutineer 'sits' the paper under exam conditions to assess the length of the paper.
- For the CAP Course a new Fellow scrutineer is appointed to check calculations in the case study exam questions.
- Exams are redrafted after feedback from the scrutineer.
- Draft exams, solutions and marking guides are then submitted to the BoE team for review. Two members of the BoE team review the draft exams and solutions.
- Exams, solutions and marking guides are finalised by the Chief Examiners and their Assistants.
- The Chief Examiners sign off the final examination papers and solutions.
- A member of the BoE team also signs off on the examination papers and solutions.

4.2. Exam marking

The general framework used to mark examination papers, grade candidates and determine passes, except for Course 7A, is described as follows:

- Except for CAP two markers marked each question, with CAP only those candidates with a mark above 40% or below 60% were marked a second time. Inconsistencies in marks for a candidate were discussed by the markers and resolved (in most cases), before the results were forwarded to the Chief Examiner.
- Marks were scaled to allow for the fact that some questions were more difficult than others, in the CAP course the exam is only one question so no scaling was applied.
- Each candidate was awarded a grade for each question of A, B, C, D or E, where A was regarded as a strong pass and B an ordinary pass.
- Candidates' overall performance was determined using several metrics including total raw mark, total scaled mark, weighted average grade, weighted average rank and number of pass grades per question. The key determinant however was total scaled mark.
- Candidates were ranked based on these metrics, particularly total scaled mark.

- Candidates' assignment grades and marks were added to the exam metrics, with a weighting of 15% for Course 1 Investments and Modules 2 and 3. For CAP the post course assessment counts for 20% and the exam 80% of the mark.
- Candidates were divided into clear passes, clear failures and a middle group that required further consideration.
- The Chief Examiner reviewed the middle group individually. The pass/fail decision was made after assessing the candidate's whole exam paper, his/her performance in the judgement questions, how badly he/she performed in the questions he/she failed and whether they were 'key' areas of the course and his/her performance in the assignments.

5. The Assignment Process (Subject 1 and Modules 2-3)

5.1. Question Setting

The basic framework followed by each course to setting assignment questions is the same and all subjects contain review processes. The general framework used to set assignments is described as follows:

- The Course Leader drafts the assignment. They are each worth 15% of the total marks for the subject.
- Draft assignments and solutions are then reviewed by each Faculty for coverage and fairness.
- Each Faculty signs off the assignments.

Students were given access to the assignments via the specific link on the Institute learning management system.

The Board of Examiners did not review or comment on the assignments.

5.2. Assignment Marking

The general framework used to mark assignments, grade candidates and determine passes is described as follows:

- Each question was marked only once, with the assignments being divided up among multiple markers. Different markers had different marking standards and pass criteria. Course Leaders sample marked 5% of all assignments (or at least one assignment from each marker). Inconsistencies in marks for a candidate were to have been discussed by the relevant marker and the Course Leaders and resolved, before the results were forwarded to the Chief Examiner.
- Marks were not scaled to allow for the fact that some questions were more difficult than others.
- Each candidate was awarded a grade for each question of A, B, C, D or E, where A was regarded as a strong pass and B an ordinary pass.
- Candidates' results were based on total raw marks.

Assignments were submitted electronically. Markers were allocated candidate numbers and accessed and marked on-line. Feedback was also posted electronically by the markers and/or IAA. This enabled a faster turn around and delivery of feedback as once all assignments were marked, students could access their feedback immediately.

From next semester (Semester 1 2012), assignments will be replaced with an assessment of a student's 3 questions and 3 responses on the online forum.

6. Module 4 CAP - The Case Study Process

The CAP course was developed and originally delivered for the Institute by the ANU but is now run directly by the Institute. The CAP team included David Service, Ken McLeod, Bruce Edwards, Richard Madden, Peter Martin, Colin Priest, Elayne Grace, Adam Butt and Aaron Bruhn. The team also developed the assessment materials for the course and did the marking.

The assessment method changed in Semester 2 2010 due to the restructure of the CAP course. There are still two assessment tasks, but they are now:

1. A post-course report assignment on one of the three non-traditional topics, distributed after the residential course. This semester one third of the students were randomly allocated to each non-traditional topic. It is worth 20% of the final mark.
2. An 8-hour case study report chosen by each student from among the 5 traditional topic areas, to be prepared under exam conditions but with use of a computer. This is worth 80% of the final mark.

The pass mark is 50%. Candidates who had passed part of the previous course were allowed to submit only the other equivalent part this semester.

It is not mandatory for failing candidates to re-attend the residential course.

The development and delivery of the course was overseen by a Faculty, consisting of Bridget Browne, (Chair), David Service (Course Leader), Bruce Thomson (Chief Examiner), Matthew Ralph (Assistant Examiner) and other members of the Faculty.

7. Examination Dates

This semester's Part III examinations were held on the following dates:

Table 3: Examination Dates

Course	Subject	Exam Date
1	Investments	17th October 2011
2A	Life Insurance	18th October 2011
2B	Life Insurance	18th October 2011
3A	General Insurance	19th October 2011
3B	General Insurance	19th October 2011
5A	Investment Management & Finance	20th October 2011
6B	Global Retirement Income Systems	20th October 2011
7A	Enterprise Risk Management	6th October 2011
CAP	Commercial Actuarial Practice	21st October 2011

8. Assignment Dates

This semester's Part III assignments were due on the following dates:

Table 4: Assignment Dates

Courses	Due Date
C1, 2A, 3A	17th August 2011
2B, 3B, 5A, 6B	31st August 2011
7A	There is no assignment for this course
CAP - Post Course Assignment	15th September 2011

9. Examination Centres

Candidates, including C7A non-Fellows only, sat the exams in 6 centres in Australia and 10 centres overseas.

Table 5: Candidates by Exam Centre

Location	Number of Candidates
Australia	430
Brisbane	7
Canberra	5
Melbourne	86
Sydney	327
Adelaide	3
Perth	2
Overseas	73
Netherlands	1
China	4
Hong Kong	13
Indonesia	1
Japan	1
Jordan	1
Malaysia	6
New Zealand	7
Singapore	19
Thailand	1
United Kingdom	19
Total	

10. Exam Candidature

Candidate Mix

The mix of courses sat by candidates is broadly similar to that in previous years. The proportion for Investments continued to abate this semester. The new Part III structure being introduced from next year will allow candidates to choose a variety of different options to obtain Module One. This change is expected to directly affect the enrolment numbers for Investments into 2012.

The enrolments for Life Insurance have steadied over the semesters. The General Insurance enrolments have increased to 28%. The Global Retirement Income Systems

course decreased to 2% in line with semester 2 2010. The Investment Management and Finance enrolments increased to 5% from last semester of 3% but in line with previous semesters. The CAP (Commercial Actuarial Practice) course has increased enrolment numbers by 1%.

Table 6: Candidate Mix by Part III Course

	Subject	2011(2)	2011(1)	2010(2)	2010(1)
1	Investments	13%	16%	17%	17%
2	Life Insurance	18%	20%	18%	19%
3	General Insurance	28%	26%	23%	26%
5	Investment Management & Finance	5%	3%	7%	6%
6	Global Retirement Income Systems	2%	4%	2%	3%
7	Enterprise Risk Management	16%	16%	14%	11%
10	Commercial Actuarial Practice	17% ⁹	16% ¹⁰	19% ¹¹	18% ¹²
	Total	100%	100%	100%	100%

⁹ Includes all CAP candidates enrolled including exam only – 87

¹⁰ Includes all CAP candidates enrolled including exam only – 79

¹¹ Includes all CAP candidates enrolled including case study exam and post course report only – 102

¹² Includes all CAP candidates enrolled including case study exam and post course report only – 97

Examination Papers and Assignments

1. Examination Structure

The structure of the examinations was a single three-hour exam paper for Course 1 and Modules 2 & 3. The exams for Course 1, and Modules 2 & 3 were worth 85% of the final assessment.

For Modules 2-3, each course was assessed individually. That is, a candidate can choose to sit (and subsequently pass or fail) only Course A (relating to Module 2) or Course B (relating to Module 3) of the subject. This differs from 2004 and earlier exams where candidates sat for the entire course (both A and B parts). For the 2004 exams, candidates were awarded a transitional pass for a paper if they passed either Paper 1 (Course A) or Paper 2 (Course B).

For Module 4, Commercial Actuarial Practice, candidates sat an eight-hour case study exam paper on five traditional areas of actuarial practice, answering 1 out of 5 questions and worth 80% of the final assessment.

2. Assignment / Case Study Structure

The structure of the assignments was one assignment for Course 1, and Modules 2 & 3, with the assignment worth 15% of the final assessment.

Module 4 (Course 10 – Commercial Actuarial Practice) included a post course report on one of the 3 non-traditional topics (Banking, Health, Environment), distributed after the residential course for completion within 2 weeks. This semester one third of the students were randomly allocated to each topic which was worth 20% of the final assessment.

3. Examination Standards

In Course 1, and Modules 2 & 3, there was a mix of questions covering three categories:

- applying bookwork to familiar and unfamiliar circumstances. This category is aimed at testing the candidates' knowledge and understanding (KU)
- problem solving requiring simple judgement (SJ)
- problem solving requiring complex judgement (CJ).

The questions aimed to cover the whole syllabus. In the case of Course 1 (Investments) the examination was based on the syllabus and a previously determined set of readings.

The standards to be achieved by candidates sitting each course, the principles on which papers are to be set and the marking procedures, are set out in the Guidelines to Examiners.

Copies of the examination papers have not been included within this report in the interests of space. They are available from the Institute if required. Detailed comments on the quality of candidates' answers to the exam questions are contained in each Chief Examiner's report.

4. Assignment Standards

The setting of standards for the assignments used the same approach as for the examinations, that is, questions were set covering the following three categories:

- applying bookwork to familiar and unfamiliar circumstances. This category is aimed at testing the candidates' knowledge and understanding (KU)
- problem solving requiring simple judgement (SJ)
- problem solving requiring complex judgement (CJ).

Whilst the target weighting of each category for the exams was essentially 20% KU / 40% SJ / 40% CJ, the target weighting for the assignments was 40% KU / 40% SJ / 20% CJ. With the introduction of assessable assignments the exam is only worth 85% of the final assessment from 2007. This means that a higher component of the assessment is KU ("bookwork") and a lower proportion of the assessment is CJ ("complex judgement"), under the new system, compared with 2004 and earlier.

Although the target weightings of the assignments for each subject were 40%/40%/20% the Board of Examiners was not informed of the actual weightings of any of the assignments. Copies of the assignments were not supplied to the Board of Examiners, but should be available from the Institute if required.

5. Security of Examination Papers

With the use of modern technology the security of Examination papers has significantly improved. All scripts are scanned into an internal installation of the Institute's Learning Management System and made available to markers and examiners. Overseas supervisors were required to photocopy papers before sending them by courier to the Institute office and secure couriers were used to transport papers. The only challenge this presents is the time it takes to scan all the scripts following the examinations.

6. Security of Assignments

The markers accessed and loaded comments via the on-line learning management system (LMS). This enabled students to receive feedback in a timelier manner than previous semesters.

For all results, spreadsheets were sent directly to either and the IAA and/or the Course Leader.

7. Comments on Candidates' Assignment Performance

As the Chief Examiners were unable to review candidates' assignments, no comments on assignment performance can be provided.

8. Feedback on Assignments in Part III Courses

The assignments in Course 1 and Modules 2 & 3 are not compulsory but count for 15% of the assessment. Overall, the Chief Examiners have been disappointed with the assignments since they were introduced in Semester 1 2005 and the following comments remain relevant:

- The assignments are not always a large learning exercise for students, with most markers providing limited feedback and comments to students. The volume of feedback has improved, following changes made by the Institute.
- The assignments are not typically a good discriminator of candidates, with very high proportions passing. Coupled with the absence of qualitative comments on

the standard of the student's work, this makes assignments a less useful tool for assessment than would otherwise be the case. However, we note that assignments in some subjects had a broader spread of marks than has sometimes been the case in the past, and were used in discriminating between candidates by the Chief Examiner.

- Assignments were single-marked and scaling was used to achieve consistency across markers. The Course Leaders are responsible for the assignment marking and carry out sample (re)marking of the assignments to check consistency across markers.
- Chief Examiners felt there may be a significant amount of collaboration by students in producing their assignments, particularly in the larger centres. This disadvantages candidates in the smaller centres.
- Assignment marks do sometimes impact on the overall borderline pass/fail decisions.

The Chief Examiners did not report any particular difficulties with incorporating the assignments into the overall assessment of candidates.

Results

1. Pass Standards

The standards for determining whether a candidate should be granted the status of Fellow of the Institute of Actuaries of Australia are based on whether an individual demonstrates core capabilities required for an actuary practicing professionally in their specialty area(s). Candidates are required to demonstrate:

- a strong knowledge of the nature, operations, legislation and current issues of the selected practice area(s)
- a detailed knowledge and understanding of the application of actuarial concepts and skills to the chosen practice area(s)
- an ability to apply judgement to solve problems in the chosen practice area(s) that may be characterised by complexity, varying degrees of clarity of definition and novel or unseen circumstances.

A candidate is not expected to demonstrate these capabilities at the level of an experienced and skilled practitioner. It is unreasonable to expect candidates to demonstrate the degree of understanding of an actuary of some year's experience. Rather, the benchmark is whether the candidate is proficient to commence practicing professionally in their specialty area(s). Provided the candidate shows a grasp of the main principles, a pass should be awarded. Conversely, a candidate who demonstrates dangerous misconceptions or misapplication of concepts or ideas is viewed more seriously than a candidate who shows a simple lack of knowledge.

The Chief Examiners in the Part III Courses place greater emphasis on the questions that require the candidate to demonstrate the ability to apply bookwork to specific situations and show judgement to solve problems. When grading borderline candidates, their ability to do well in such questions has a greater bearing on whether they pass or fail. The Chief Examiners however, are very conscious of the fact that it is unreasonable to expect candidates to demonstrate the degree of understanding of an actuary with years of experience. In addition, actuaries are expected to be able to demonstrate their skills to those outside the profession. Candidates are expected to be able to communicate clearly and may be penalised if their answers are not clearly expressed.

For Course 7A, passes are approved by the Board of Examiners for the Institute and Faculty of Actuaries in the UK.

2. Pass Rates by Centre

The pass rates by exam centre were as follows:

Table 7: Comparison of Pass Rates by Centre

	2011 (2)	2011 (1)	2010 (2)	2010 (1)	2009 (2)
Sydney	35%	37%	43%	39%	39%
Melbourne	36%	43%	43%	57%	45%
Other Australian	24%	61%	28%	40%	67%
Overseas	21%	36%	35%	37%	37%
Other Australian & Overseas	21%	42%	33%	38%	41%
Total	33%	39%¹³	41%¹⁴	42%¹⁵	40%¹⁶

I have examined the pass rates by specialist subject and examination centre. This analysis revealed a number of interesting features, including:

- The overall pass rate for the Melbourne examination centres is the lowest this semester comparing with the previous four semesters.
- The pass rate in Sydney, the largest centre with 65% of all candidates, was 35% this semester.
- In Hong Kong only 2 candidates from 13 attempts passed (15%).

3. Pass Marks

Table 8: Raw Pass Marks by Part III Subject

	Subject	2011 (2)	2011 (1)	2010 (2)	2010 (1)
1	Investments	93.7	86.0	100.0	117.0
2A	Life Insurance	93.0	89.0	117.0	99
2B	Life Insurance	105.0	109.0	84.0	93
3A	General Insurance	105.0	109.8 ¹⁷	98.0	115
3B	General Insurance	100.1	101.7	113.0	107
5A	Investment Management and Finance	111.9	n/a	105.0	n/a
5B	Investment Management and Finance	n/a	99.6	n/a	106.9
6A	Global Retirement Income Systems	n/a	106.5	n/a	105.4
6B	Global Retirement Income Systems	106.6	n/a	105.2	n/a

¹³ Number incorporates 79 CAP students sitting the exam

¹⁴ Number incorporates 101 CAP students sitting the exam

¹⁵ Number incorporates 97 CAP students sitting the exam

¹⁶ Number incorporates 90 CAP students sitting the exam and 2 sitting the post course report out of a total 92 candidates

¹⁷ Due to special consideration, the raw marks for Sydney students was 100.6

BoE Members for Semester 1 2012

1. Board of Examiners The recommended constitution for the Board of Examiners for next semester (semester 1 2012) is as follows:

Chair Gary Musgrave

Chief Examiners

Course 1: Investments	Bruce Graham (external examiner)
Course 2A: Life Insurance	Warwick Young
Course 2B: Life Insurance	Gary Musgrave
Course 3A: General Insurance	David Gifford
Course 3B: General Insurance	Jim Qin
Course 5A: Investment Management & Finance	TBC (external examiner)
Course 6B: GRIS	Stephen Woods
Course 10: Commercial Actuarial Practice	Bruce Thomson

Assistant Examiners

Course 2A: Life Insurance	TBC
Course 2B: Life Insurance	TBC
Course 3A: General Insurance	TBC
Course 3B: General Insurance	TBC
Course 6B: GRIS	TBC
Course 10: Commercial Actuarial Practice	TBC

2. Examination Dates

The dates for the examinations in Semester 1 2012 are as follows:

Table 9: Examination Dates

Module	Subject	Exam Date
1	Enterprise Risk Management	27 th April 2012
1	Investments	23 rd April 2012
2 (2A)	Life Insurance	24 th April 2012
3 (3B)	General Insurance	24 th April 2012
2 (3A)	General Insurance	26 th April 2012
3 (2B)	Life Insurance	26 th April 2012
2 (6A)	Global Retirement Income Systems	27 th April 2012
1 (7A)	Enterprise Risk Manager	27 th April 2012
3 (5B)	Investment Management & Finance	27 th April 2012
4 (10)	Commercial Actuarial Practice	30 th April 2012

3. Exam Solutions

The Board of Examiners has agreed to release this semester's examination papers along with the examination specimen solutions and marking guides. It is recommended that the 2011 Semester 2 examination papers and exam solutions and marking guides be released on 15th December or as close to this time as possible.

Gary Musgrave
Chair, Board of Examiners - 15 December 2011
