

TABLE OF CONTENTS

Purpose for this FAP Exercise Guide.....	1
Section I: General Guidelines for Completing FAP Exercises	3
Section II: Hypothetical FAP Exercises.....	6
Exercise 1	6
Exercise 2	8
Section III – Sample Exercise Submissions.....	11
Exercise 1	12
A - Examples of an Executive Summary Section.....	12
B - Examples of Excerpts from the Analysis Detail Section	16
C - Examples of a Conclusions and Recommendations Section.....	21
Exercise 2	24
A - Examples of Task 1 Report	24
B - Examples of Task 2 Report	36
Section IV – Summary.....	45

Purpose for this FAP Exercise Guide

The Fundamentals of Actuarial Practice (FAP) course is designed to make you a better actuary. The course teaches candidates about the business environment and exposes them to real-world situations.

It is important for actuaries to be able to communicate and explain technical concepts, so that they can be understood by non-actuarial audiences. Hence, business communication, both written and verbal, is a key skill for actuaries to develop and to have.

The FAP course was developed around the main concept of the Control Cycle. Effective communication is a major part of each stage of this Cycle and its importance is strengthened by the FAP readings, case studies, End-of-Module exercises and the FAP Final Assessment. The actuary must be able to clearly communicate the definition of the problem, the design of the solution, and the description of the outcome of monitoring results, to other parties such as employers or clients. If communication falls short, the work done by actuaries will lose some of its value.

The exercises, especially the Final Assessment, require the types of communication that actuaries must use in the actual business environment. These communications are performed on a daily basis as part of meetings, memos, reports, internal documentation, and presentations. The exercises have been designed to help you develop skills in writing and communication, in addition to the more traditional analytical thinking and other technical skills.

Effective verbal and written communication skills are areas that have traditionally been weak for actuaries. This fact has been confirmed in recent surveys of actuarial employers. If undeveloped, weakness in these skills could inhibit your future career growth. Hence, it is beneficial for you to approach the completion of a FAP exercise with the intention of developing your non-technical skills and learning the most that you can from going through the process. Taking shortcuts just to get the exercise done, or copying material from model solutions or other sources (as has sadly been seen in several instances), defeats the purpose of having you complete the FAP exercise. At best, this would not provide the learning and skill development intended to help make you a better actuary. At worst, it could lay you open to more serious consequences.

Having said all this, a great volume of actual FAP exercises submitted by real candidates has shown some undesirable practices. When a candidate has failed, it is because several of these practices have been exhibited. The purpose of this Exercise Guide is to help you avoid doing the same, and to provide

guidance on how to create a good report. The guidelines and examples on the following pages have been created for this purpose.

On a positive note, there have been many submitted exercises that were beautifully done. It was a pleasure to review these. It is obvious that the candidate spent meaningful amounts of time and thought in completing his/her exercise. Readers were most impressed with these students. The skills demonstrated will be highly valued by their employers.