

Microeconomics, Module 10: "Knowledge and Information" (Chapter 9)

*Homework*

(The attached PDF file has better formatting.)

Professional Education

Landsburg explains who gains and who loses from college education, and why employers desire applicants with BA's, even if the knowledge learned in college is not useful.

Apply Landsburg's reasoning to actuarial education, answering the following:

- A. Are the years spent studying for the actuary exams the most productive use of time? (The exams may be more useful for a business career than liberal arts college courses; are they the most efficient way to teach the needed information?)
- B. Why are the exams expensive to employers? (Exam costs and study time are minor; the major cost is the high turnover rate of candidates who do not complete the exams. Examine the cost of training new actuarial applicants and the loss to the employer if a high percentage of applicants do not continue.)
- C. Why do most employers support the actuarial exam system? (What do they gain? Examine the value of the exams in selecting industrious and loyal employees.)
- D. How do successful candidates benefit from the exams? (Examine the salaries paid to Fellows compared to salaries paid to other workers without post-college training.)
- E. Who loses the most from the actuarial exam system? (What is the value of exam study to candidates who do not continue with the actuarial career? Is this a social waste?)

{There is no correct answer to this homework assignment. Read carefully Landsburg's discussion of college education and apply his reasoning to the actuarial exams.}