



The Actuary

Why the Big Tent? What's it about?



by A. Norman Crowder, III
1999-2000 President
Society of Actuaries
Address at the Annual Meeting
San Francisco, Oct. 20, 1999

As I begin my year as president, I'd like to share some ideas about where we are as a profession and where I think we should be headed.

For the moment, the news about our profession looks very good. Actuaries currently enjoy a high employment rate. Actuarial science professors will tell you starting salaries are good. Actuaries in the middle to latter part of their careers are well paid. And we enjoy the respect of our employers, clients, peers, and competitors in the financial industries. Aside

from a shortage of entry-level actuaries, our employment picture looks very good.

The future, however, may look significantly different. The world, including our corner of it, is changing. If you've been paying attention over the last few years, you know that our industry is experiencing rapid change that will fundamentally affect our businesses. The environment in which we work will not look the same any more. Here's why:

- There are better tools to do the same tasks and new tools to do new tasks.
- Traditional markets have declined and require fewer actuaries to do the work.
- In life insurance, the investment aspect of policies has gained prominence over the protection features.
- In health insurance, managed care seems to require little actuarial input, and there are no more insured products.
- In the pension field, defined benefit plans have declined, and defined contribution plans don't need our unique skills.
- We face the advent of financial services consolidation. Banks and securities firms like Citigroup will likely dominate the new landscape, not insurers.
- Finally, we now compete with highly trained math and finance professionals, such as financial engineers. Their

quantitative skills are comparable to ours and they are not connected to the insurance and benefits businesses.

These are symptoms of declining competitive advantage. How do we meet these challenges? To answer that question, we first need to ask ourselves additional questions, such as:

- Do our skills need to be updated?
- Can we find new applications for our talents and skills?
- How can we learn and take advantage of the techniques emerging in other disciplines?

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Charles McLeod
Editor responsible
for this issue

Editor

Robert D. Shapiro, FSA
shapiro@netstream.net

Associate Editors

Janet M. Carstens, FSA
carstej@towers.com

Charles C. McLeod, FSA
charlesmcleod@sympatico.ca

Jay A. Novik, FSA
jay_novik@swissre.com

Godfrey Perrott, FSA
godfrey.perrott@milliman.com

Anna M. Rappaport, FSA
anna.rappaport@us.wmmerc.com

Assistant Editors

Morris W. Chambers, FSA
mo.chambers@londonlife.com

Craig S. Kalman, ASA
craig@kalman.net

Prakash A. Shimpi, FSA
prakash_shimpi@swissre.com

Carl A. Westman, FSA
cw@actuaryoncall.com

Puzzle Editors

Louise Thiessen, FSA
thiessen@v-wave.com

Stephen Kinsky, FSA
skinsky236@juno.com

Gregory Dreher
gregory_dreher@phl.com

Society Staff Contacts

847/706-3500

Jacqueline Bitowt, Public Relations Manager
jbitowt@soa.org

Kelly Mayo

Marketing and Public Relations Coordinator
kmayo@soa.org

Linda M. Delgadillo, CAE
Managing Director,

Marketing & Membership Services
ldelgadillo@soa.org

**The Actuary welcomes articles and letters.
Send correspondence to:**

The Actuary

Society of Actuaries

475 North Marlingale Road, Suite 800
Schaumburg, IL 60173-2226

Web site: www.soa.org

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A. Norman Crowder, III, FSA, President
Robert M. Beuerlein, FSA, Director of Publications

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EDITORIAL

Canadian actuaries at a crossroads

by Charles McLeod

This issue contains an article on demutualization in Canada — probably the most important development in the Canadian life insurance business in 1999. By the time this issue appears, all of the five largest Canadian mutual companies will have converted, or will be in advanced stages of converting, to stock companies.

This is only part of an eventful decade in Canada — much of which has presented unusually interesting work for life company actuaries. The past 10 years have seen about half of the 20 largest companies of 1990 disappear through merger, acquisition, sale of Canadian operations (many large U.S. companies have largely or totally withdrawn from Canada), or insolvency. The number of life companies is expected to decrease further, although ownership restrictions on ex-mutual companies mean that all will continue as separate entities for at least two years.

Contrary to common predictions 10 years ago, the Canadian banks do not have a major presence in life insurance (although they do in the personal pension market). Although four of the five largest banks either bought or launched life insurance operations, none has made major inroads. This is at least partly due to restrictions on how they may approach their existing customers.

After many years of debate, the early 1990s saw the introduction of Canadian GAAP (together with the use of the policy premium method for valuing life company reserves) and a new federal insurance act. The act strengthened the role of the actuary in many ways. For

example, it requires an annual report to a company's directors on the current and expected future financial strength of the company.

Yet, overall, the role of the actuary may have decreased. Twenty years ago, many life companies did not have a chief financial officer; the duties were effectively performed by the chief actuary. Now, the CFO is usually not an actuary, and the appointed actuary may be subordinate to the CFO.

Although this is partly a result of the increased complexity of today's life insurance companies and the broadened scope of their operations, could it be that our profession has become too technical? Does the volume of instructions (many promulgated by actuaries, not regulatory bodies) that an appointed actuary is required to master and follow, and the analytical work he or she must perform or supervise, mean the actuary no longer has time to observe and provide input to the broader company issues?

The increased volume of actuarial requirements is evident in other ways. Ten years ago, if a company did business in Canada, the United States, and the United Kingdom, the same actuary might certify reserves on three different bases. Today, it is common practice for the Canadian appointed actuary to certify only the Canadian reserves; NAIC reserves, for example, often will be certified by a U.S.-based actuary. No longer can one individual keep on top of the valuation requirements in multiple (or even two!) jurisdictions.

What are the opportunities for Canadian life actuaries in the next

(continued on page 4)

Demutualization in Canada

Toward growth and international competitiveness

by Mike Lombardi

The Canadian insurance industry is entering a new century and a new era of stock ownership. It is experiencing a radical transformation as the five largest Canadian mutual insurers complete their conversion to public companies. Over 2.5 million Canadians and 1 million others outside Canada are exchanging their intangible ownership rights for shares, cash, or policy credits, according to the Canadian Life and Health Insurance Association.

Mutual Life (now known as Clarica Life), Manulife, and Canada Life all demutualized in the last half of 1999, and Industrial-Alliance and Sun Life intend to complete demutualization early this year. After these changeovers, only a few small mutual insurers will remain in the Canadian market.

The value of the windfall benefits to be shared by eligible policyholders worldwide may exceed \$25 billion Canadian (over \$16 billion U.S.), and is believed to be the largest transfer of wealth in Canadian history. Manulife's initial public offering (IPO) of C\$2.5 billion broke the previous all-time record held by the Canadian National Railway for its 1995 IPO valued at C\$2.3 billion. The impact of Canadian demutualizations will extend to eligible policyholders in the United States, Hong Kong, the Philippines, the United Kingdom, and Ireland.

Some interesting differences exist between the U.S. and Canadian waves of demutualizations. Canadian mutuals tend to be well-capitalized and international in scope, with non-Canadians forming the majority of policyholders in the larger companies. This is true of very few U.S. mutuals, where U.S. policyholders predominate. (One important consequence of the Canadian mutuals' internationalism has been the need to

deal with multiple national regulators during the demutualization process.)

The timing of the decision to demutualize has been heavily influenced by the significant changes and opportunities arising in the domestic and global financial services marketplace and the growing popularity of capital markets. The enactment of federal legislation allowing demutualization in March 1999 gave the demutualizing companies the necessary process and regulations to move forward.

Consolidation in the Canadian life insurance industry recently has resulted in a smaller number of larger and stronger companies. The need for both greater access to capital and financial flexibility has been the main motivation behind demutualization in Canada. The desire to better align the financial interests of owners and management, to attract strong management, and to attain greater financial discipline imposed by public scrutiny are also factors encouraging demutualization.

Distribution of value

While the alternatives of both sponsored demutualization and the mutual holding company structure have been used in other demutualizations, the five Canadian companies have taken the approach of "pure," or full, demutualization. Each company's value is distributed among eligible policyholders, and the newly demutualized company, or its upstream holding company, is publicly listed on the stock exchange.

The entire value of a company demutualizing in Canada must be distributed among policyholders who,

on the eligibility day, had the right to vote at policyholders' meetings. In most cases, only policyholders of participating policies are entitled to vote. Unlike U.S. demutualizations, a policy is not required to be in force on the actual day of demutualization, which is typically one to two years after the eligibility day.

Management and employees are prohibited from receiving any special compensation as a result of demutualization, other than benefits to which they are entitled as eligible policyholders. Although the demutualizing companies intend to establish incentive compensation stock option plans, they cannot do so until shares have been listed for at least one year.

The formula for the allocation of value in demutualizations consists of two parts, one fixed and the other variable.

The fixed component, a flat number of shares for every eligible policyholder, compensates for their loss of voting control of the company. Typically, the fixed allocation has been between 15% and 25% of the total allocation.

The variable component recognizes the ownership interests other than voting rights. In Canada, as in other non-U.S. demutualizations, the variable allocation does not follow the contribution to surplus method as strictly as is done in the United States. Instead, a more general "fair and equitable" allocation formula is used. Reasons for not using the "contribution-to-surplus" approach include the fact that much of the surplus may have arisen from contributions from previous generations of policyholders, the surplus may have been generated primarily by



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Demutualization in Canada (continued from page 3)

ineligible non-par policies which do not share in demutualization proceeds, or par businesses for some blocks or across entire countries may have generated a cumulative loss (a negative contribution to surplus). The Canadian allocation formulas, while indirectly linked to profitability analysis, tend to be based on factors applied to more easily identifiable proxies or "policy metrics" such as duration, premiums, cash values, or face amounts.

The status of non-par policies is also different. In almost every U.S. state, non-par policyholders vote for directors of mutual companies. Therefore, non-par policyholders have traditionally received the fixed consideration. In Canada, in contrast, non-par policyholders usually do not have the vote. The current governing statute, the Insurance Companies Act, empowers mutual insurance companies to grant voting rights to non-par policyholders, but only one company has done so. So the various Canadian demutualization plans, with the exception of Clarica (and Industrial-Alliance, a provincially registered company not subject to the Insurance Companies Act) do not provide for any demutualization proceeds to non-par policyholders.

Canada's Insurance Companies Act requires mutual companies to maintain participating and non-participating business in separate accounts. At demutualization, a restructuring of accounts takes place. The non-participating account is redesigned as the shareholders' account. The participating accounts are separated into three categories: closed block, ancillary block, and open block.

Policyholders' reasonable expectations of dividends and other non-guaranteed benefits are protected through the requirement to establish a closed block from which transfers to the shareholders account are not allowed. The assets backing the closed-block accounts established for business

issued before demutualization may be commingled with the assets supporting new participating business.

The margins for adverse deviations are held in a separate participating account called the ancillary block. Shareholders are entitled to the release of these provisions as determined by the company's Appointed Actuary.

If new participating business is to be issued, sufficient shareholder capital must be placed in the open block to support five years' of new business, capital that may be repaid to shareholders when it is no longer required. Shareholders will also be entitled to a portion of the profits that emerge from the open-block accounts established for new participating business issued after demutualization.

The balance in the participating accounts after providing for the closed, ancillary, and open blocks is transferred to the shareholders' account. As shareholders, existing participating policyholders remain owners of this surplus.

At present, Canadian regulations require that large insurers be widely held upon conversion and for two years

thereafter, meaning that no one person may hold more than 10% of any class of shares of the demutualized company or an upstream holding company. The minister of finance has also announced that mergers among or acquisitions of demutualized firms would not be permitted during the two-year transition period. The ownership issue is currently under review for both banks and insurance companies.

More changes ahead

So, what's next? Significant changes and opportunities are arising in the financial services marketplace as competition, consolidation, globalization, and technology continue to transform the environment. Demutualization is not the end of the story, it is merely the beginning.

Mike Lombardi, consultant, Tillinghast-Towers Perrin, Toronto, writes and speaks frequently on demutualization. His e-mail address is lombarm@tillinghast.com.

Canadian actuaries at a crossroads (continued from page 2)

10 years? The pricing and reserving of segregated fund (variable annuity) guarantees need more work before all parties can have the same confidence as with traditional products. Life companies' financial problems in the past decade largely stemmed from asset quality. Actuaries can prevent the next decade's problems from being due to pricing and reserving issues — which, if they occur, will be blamed on our profession for letting them happen.

To end on a positive note: As editor of this issue, I have the role of welcoming new Society President Norm Crowder on behalf of *The Actuary's*

editorial board. This issue contains his speech from the recent 50th Anniversary Annual Meeting. We wish him a successful and enjoyable year.

With this issue, The Actuary welcomes Charles McLeod as a new associate editor. He has served on a number of SOA and Canadian Institute of Actuaries (CIA) committees, and he has been a member of the CIA Council, the Institute's governing body. Until recently, he was chief financial officer of Canada Life's U.K. division. He now runs his own life insurance consulting practice. He can be reached by e-mail at charlesmcleod@sympatico.ca.

Presidential address (continued from page 1)

- Can we defeat the stereotype of actuaries as narrow, technical, inside-the-box thinkers?
- Can we develop a reputation as broad business problem-solvers and doers?
- Can we compete with other disciplines that have similar analytic skills?
- Can we market the profession to potential employers?
- Can we attract the best and the brightest students to our profession?
- Can we reduce travel time through the exams?
- How do we compete with MBA degrees or Wall Street careers that offer more glamour and more money?

To reduce it to the simplest possible terms, ask yourself: Would you recommend to your child that he or she pursue an actuarial career?

How do we answer the wake-up call?

Since Howard Bolnick described the Big Tent philosophy last year, you've heard and read much about it.

It's a wake-up call. We need to discuss and act on the challenges facing us. Throughout 1999, the Society's Planning Committee has explored these issues. We have discussed Big Tent ideas in many forums and through a series of debates. Members are generally divided into two broad camps: those who are comfortable with the status quo and those who feel change requires us to act.

Those who resist change tend to believe that there's nothing wrong and that change will dilute the meaning of the exams and the Fellowship designation. Others believe that change will weaken the Society and its members. And still others do not see a threat to their professional practice.

Those of us who believe change is necessary sense a decline in opportunities for actuaries and see attractive new areas of professional interest that we want to be involved in.

So where do we go from here?

Currently, the Planning Committee is exploring the implications of further changes. We are considering several major initiatives.

One is further change in basic actuarial education. We need better business and finance skills in our educational system, and we need better communications skills. In response, a new task force on education and qualification has been launched.

Second, we need to offer an alternative to self-study. Some university-based education will be explored for its potential in teaching finance, business, and communications. This option gives students the ability to complete the process faster, maybe in half the time of the current self-study process. At first, there may only be a few institutions that want to provide this option. We will consider a single qualifying exam for the first half of the exams, much the way the legal, medical, and accounting professions do. Our main objective is to have a more focused, formal education with a faster completion time. A university alternative, however, will not replace the current self-study avenue.

Obviously, these are not overnight solutions. Changing the current exam system and establishing some kind of university alternative will take some years to develop and implement.

The third change the Planning Committee is studying involves restructuring the Society along practice, rather than functional, lines. We want to give better service to members across all major practice areas. We also see opportunities to better focus on practice-specific needs and to provide greater autonomy to the practices. And we would allow for better, organized evolution of new practices, such as health economics or financial engineering.

The fourth initiative to consider is how to be more active in reaching out

to the general public, legislators, other professions, and industry. By so doing, we will enhance and broaden our reputation and make potential employers more aware of our skills. Our new External Relations Committee will begin systematic work on building these relationships with others.

Fifth, we are a small profession. Our influence can be enhanced if all the actuarial organizations act together.

Finally, we must boost our continuing education efforts. Let's face it — trying to keep up today is daunting. The Society must do more to help its members increase their value-added to clients and employers. We need more seminars on emerging issues. We need new delivery methods. The Society's new virtual campus is a start toward addressing this issue. But, we need to further develop our online campus and provide a variety of offerings.

In pointing out the challenges facing us, my intent isn't to imply that we should be frightened. We should regard the challenges of this era as opportunities and embrace them. We will not do this overnight. The issues are complex, and we must sort them out carefully. This will be a continuing process, and there is no certainty. But when has there ever been?

As I step up to serve as the 51st president of the Society, I urge you to overcome resistance to change, complacency, or any other emotional response to the environment we now face.

Let's be the generation that moves our profession forward with a proactive effort.

Let's welcome these challenges as new opportunities to forge ahead. "Embracing and anticipating change is the foundation of the future."

Guarding the integrity of SOA exams, grading

by Chris Fievoli

1999-2000 Examination Chairperson

SOA Education and Examination Steering and Coordinating Committee

Last year was a challenging one for the Education and Examination (E&E) Steering and Coordinating Committee. Not only did we have our usual heavy workload administering the current set of exams, but we also devoted significant effort to the development of the new examination system, which takes effect this year. Given that we will have fewer exams, which are greater in length and more comprehensive in material covered, it is safe to say that it will not be business as usual from this time forward.

One of the committee's key concerns was to maintain the integrity of the examination setting and grading process, given the wholesale changes that are underway. If our process were not well-defined, this would have been next to impossible. Fortunately, the SOA and the E&E Committee have invested a significant amount of time codifying the principles and procedures that underlie our system. As a result, we fully expect that we will maintain the same long-standing level of integrity.

This article outlines some of the key techniques we apply, and explain how these techniques impact the eventual determination of passing candidates.

One of the terms that we have developed and used during the last couple of years is "learning objectives." The textbook definition of this is "the intended outcome of instruction." In our context, "learning objectives" represent what we want the candidate to demonstrate through successful completion of a particular examination. Therefore, we often express learning objectives as a specific behavior. For example:

Upon successful completion of this examination, the candidate should be able to calculate statutory and

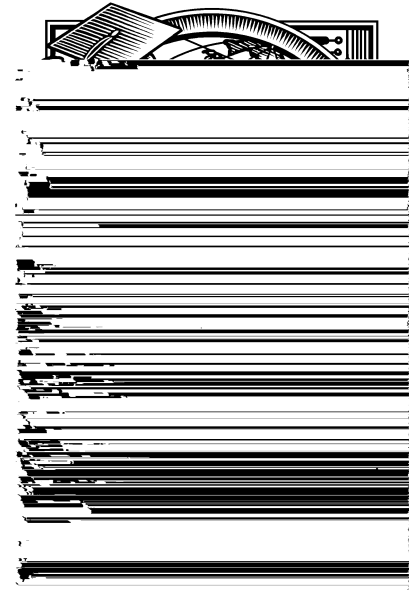
GAAP reserves for an individual insurance product.

For each of our current exams, as well as the exams in the new system, a set of learning objectives has been developed. We view this as the cornerstone to each course. It serves as a guide to determining what syllabus materials will be used. When question-writers set questions, we expect that each question will address one or more of the learning objectives for the exam. When we develop grading outlines for the questions, we need to ensure that these objectives receive sufficient weight. All in all, they serve as a valuable link between the syllabus material and the exam that is eventually developed.

This use of learning objectives represents a major evolutionary change in our examination process. Rather than preparing syllabus-based exams (whereby all topics on a course of reading could be tested), we now concentrate on preparing exams that demonstrate the attainment of a specific set of learning objectives by the candidate.

The second key focus is the grading process and how it ties into the setting of the pass mark for an examination. Rather than "grade on a curve" or use a similar technique, our goal has been to develop a content-based pass mark tied to the learning objectives. To understand how we do that, we need to look first at how examinations are graded.

For written-answer exams, we require that a grading outline be developed for each question. A grading outline is simply a list of the points made in candidate responses that we consider to be accurate, relevant, and germane to the question. Not all items in an outline receive equal weight. We ensure that more important points receive relatively greater weighting. As well, appropriate credit is given if the response is consistent with



that elicited by the question. For example, if the question asks the candidate to "recommend a solution," candidates who actually make a recommendation will score better than candidates who list the same items but do not formulate them into an opinion.

In order to ensure consistency within the question, we ask the person who developed the question to author the grading outline. Outlines are reviewed by a number of individuals, and changes must be approved by the general officer for that examination.

Once we've determined the total grading points for a question, we also determine what is called the minimum adequate knowledge (MAK) for a question. As a starting point for determining the MAK, one could ask: "If this were the only question on the exam, how many (and which) points would you want the candidate to get in order to pass?" The MAK should contain some or all of the major points on the question and may include some supporting points. MAKs are determined for each question, and they go through the same review and approval process as grading outlines.

Retirement 2000 conference to explore impact of aging baby boomers on pension needs

Twenty leading researchers will present 25 papers giving fresh insights into retirement and pension issues at the Retirement 2000 conference, Feb. 23-24, Washington, D.C.

The Retirement 2000 call for papers and conference were developed to address the significant demographic shifts occurring in nations around the world. In North America as elsewhere, population aging most likely will mean more consumption and less saving. As workers leave the labor force, wages could rise from a labor shortage, increasing the cost of living just as the vast retiree population must limit spending. Health care and other institutions will face growing burdens with the skyrocketing number of elderly.

The multi-disciplinary conference is being sponsored by the Society of Actuaries and four other organizations,

with eight additional organizations cooperating.

The conference will present the work of economists, professors, institute directors, private consultants, and academic researchers on a wide range of topics. These include disability, annuities, elderly women, family support of the aged, defined benefit vs. defined contribution plans, public vs. private plans, and Mexican retirement questions. Lessons from the "Retirement Confidence Survey," sponsored by the Employee Benefit Research Institute, also will be an important topic.

The conference grew out of a call for papers issued last year. Among the broad questions posed were:

- What will retirement mean in the coming years and how will retirement benefits look?
- How could public policy prepare for the changes ahead?

- How will plan sponsors adapt to changes in policy?

Papers will be presented in five categories: Background; The Payout Phase, when benefits are distributed; The Border Period, deciding how and when to retire; Once the Dollars are Saved (investment and administration issues); and Getting Dollars Saved (incentives for creating pension and savings plans and for plan participation).

Opening the session will be Anna M. Rappaport, pension consultant and principal with William M. Mercer Incorporated and 1997-98 SOA president. Among the presenters will be Robert L. Brown, actuarial science and statistics professor, University of Waterloo, and 1999-2000 SOA president-elect.

Retirement 2000 is a joint effort sponsored by the Society of Actuaries, American Academy of Actuaries, *Asociacion Mexicana de Actuarios Consultores, A.C.*, Conference of Consulting Actuaries, and the International Foundation of Employee Benefit Plans.

Cooperating organizations are the American Society of Pension Actuaries, Employee Benefit Research Institute, Health Care Financing Administration, International Society of Certified Employee Benefit Specialists, National Academy on an Aging Society, National Academy of Social Insurance, Pension Benefit Guaranty Corporation, and the Pension Research Council.

A complete list of speakers and topics, along with conference details and registration information, is posted on the Society of Actuaries' Web site (www.soa.org/conted/r2000.html). They're also available in a printed brochure from the Society's Continuing Education Department, 475 N. Martingale Road, Schaumburg, IL 60173 (phone: 847/706-3500; fax: 847/706-3599; e-mail: sberg@soa.org and aweymouth@soa.org).

Guarding the integrity of SOA exams, grading

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Ideally, the pass mark for an exam should then be the sum of the MAKs for each question. Practically, there are other considerations that enter into the setting of pass marks, such as:

- That the candidate is in fact responding to a number of questions — not just one — so the MAK must take into account the conditions (time pressures, stress) under which a candidate is writing
- The relative ease or difficulty of the question/exam
- The length of the exam

In setting pass marks, there is no preconceived percentage of candidates that should pass. The overall preparedness of the candidate population does have an impact. Thus, if a cohort of candidates is well-prepared in gen-

eral, then more will pass the examination. Through statistical analysis and other information (such as number of prior credits, number of candidates writing the exam for the first time, and assessment of the graders), we can paint a fairly representative picture of how prepared the candidate group was for a particular exam.

By continuing to use these techniques, our goals are to make a smooth transition into the year 2000 and continue to ensure that our examination system imparts knowledge that is relevant to the actuary, as well as ensure that all candidates are treated fairly.

Chris Fievoli, associate actuary, Manulife Financial, Kitchener, Ontario, can be reached by e-mail at Chris.Fievoli@manulife.com.

Actuaries respond to IASC issues paper

by Sam Gutterman

The Insurance Accounting Committee of the International Actuarial Association (IAA) has expressed its support for the efforts of the International Accounting Standards Committee (IASC) to achieve consensus on an international accounting standard for insurance contracts. The IAA committee's statement is its initial response to the release on Dec. 2, 1999, of the IASC's "Issues Paper on Insurance Accounting," the product of two-and-a-half years of effort.

Due to the increasing internationalization of the insurance industry, an international standard that provides more understandable and transparent financial information is urgently needed. In addition, with the emergence of global insurance, banking, and stock-broker groups, the IAA committee considers the public interest to be best served by applying consistent accounting treatment to similar products written in different financial institutions.

Many of this 22-member committee generally favor the trend toward use of fair values on balance sheets. Nevertheless, our position is that, whatever the basis used for valuing assets, the corresponding liabilities of a company must be valued in a consistent manner. To do otherwise carries the potential to impart misleading information to policyholders, shareholders, management, analysts, and the public.

In addition, this committee supports an accounting regime designed to meet the dual objectives of:

- Generating a realistic view of operations focusing on expected future cash flows, reflecting the duty of management to add value for shareholders and to protect the interests of policyholders
- Demonstrating the adequacy of supporting capital to cover the risks associated with the business

Regarding the second item, the IAA committee supports efforts to develop

an appropriate risk-based capital adequacy measurement regime to be applied to all international financial institutions.

The IAA is the organization representing professional actuarial associations internationally. It is not a trade association and does not represent the interests of either clients or employers of actuaries. The IAA currently has 41 full-member and 20 observer-member actuarial associations. These member associations encompass more than 97% of the world's practicing professional actuaries.

Sam Gutterman chairs the IAA's Insurance Accounting Committee. He was 1995-96 SOA president and is a director and consulting actuary at PricewaterhouseCoopers LLP, Chicago. He can be reached by e-mail at sam.gutterman@us.pwcglobal.com.

Input needed on issues paper

Comments on the "Issues Paper on Insurance Accounting" developed by the IASC's Steering Committee on Insurance are requested by May 31. The committee hopes to get input from a broad range of individuals and organizations. "I encourage everyone with an interest in financial reporting of insurance activities to comment on the issues paper," said Warren McGregor, committee chairman.

The issues paper identifies:

- The different forms of insurance contracts and the specific characteristics relevant to determining the appropriate accounting treatment

- The accounting and disclosure issues and arguments for and against possible solutions to those issues
- The tentative views of the steering committee at this early stage of the project

It is published with an accompanying booklet that contains:

- 82 illustrative examples
- A summary of relevant national standards and requirements in 17 countries
- A summary of the main features of the principal contracts found in eight countries

- A glossary of terms used in the paper
- A summary of the tentative views expressed in the paper

Copies of the IASC issues paper, *Insurance*, (Volumes 1 & 2: ISBN 0 905625 75 7 and ISBN 0 905625 76 5) are available for US\$51 from the International Accounting Standards Committee, Publications Department, 166 Fleet Street, London EC4A 2DY, United Kingdom. Other contact information is: phone, +44 (0171) 427-5927; fax, +44 (0171) 353-0562; e-mail: publications@iasc.org.uk; Internet, www.iasc.org.uk.

An invitation to join the IAA's special interest sections

by Chelle Brody

SOA Manager of International Affairs

The International Actuarial Association (IAA) is inviting all SOA members to join one or more of its special interest sections. All IAA sections conduct periodic colloquia.

ASTIN: Actuarial Studies in Non-Life Insurance was formed in 1957 to promote actuarial studies in non-life insurance and health insurance and to maintain contacts among actuaries and others interested in this field. ASTIN dues for 2000 are US\$38. The next ASTIN colloquium will be held Sept. 17-20 in Porto Cuervo, Costa Smerelda, Italy.

AFIR: Actuarial Approach for Financial Risks was formed in 1986 to bring together actuaries who specialize in applying scientific methods to the evaluation and management of financial risks. AFIR publishes a newsletter, the *Bulletin*, twice a year. AFIR dues for

2000 are US\$35. If combined with an ASTIN section membership, the combined ASTIN/AFIR dues for 2000 are US\$52. The next AFIR colloquium will be held in Tromsø, Norway, June 20-23.

IACA: The International Association of Consulting Actuaries was formed in 1968 to give consulting actuaries an international forum. It became a section of the IAA last year. IACA dues for 2000 are US\$28. The next IACA meeting is scheduled for Hershey, Penn., June 4-8.

IAA membership is a prerequisite to joining one of its sections and to attend the International Congress of Actuaries (ICA). The next ICA will be held in Cancun, Mexico, March 17-22, 2002.

FSA's and ASA's who were members



of one or more of these sections last year received an invoice in December to renew their membership.

All FSA's and members of the American Academy of Actuaries are automatically IAA members but must make specific arrangements to join sections. To become an individual member of the IAA and/or one or more of its sections, contact Chelle Brody (phone: 407/876-0800; fax: 847/706-3599; email: chellebrody@compuserve.com).

3rd Annuity Conference coming in March

by Eric T. Sondergeld

The third annual Annuity Conference, designed for professionals who develop, market, and administer annuities, is set for March 29-31 at the Grand Hyatt Buckhead in Atlanta, Ga.

The conference is cosponsored by the Society of Actuaries, LIMRA International, and LOMA.

The conference kicks off with a general session featuring a discussion of the major issues facing annuity writers today and how they are dealing with them. Concurrent sessions will follow, addressing topics including:

- How to sell and service annuities over the Internet
- Income annuities
- The latest innovations in fixed and variable annuity products

Two receptions are scheduled, offering ample opportunities to meet new people and exchange ideas.

The conference will conclude with a "cracker barrel" session, where attendees can move from table to table to discuss important issues. It is an excellent way to follow up on conference topics and network with your peers.

For more information, see the SOA

Web site (www.soa.org under *Meetings/Seminars*) or contact Barbara Choyke or Sandra Kronos at the SOA office (phone: 847/706-3500; fax: 847/706-3599; e-mail: bchoyke.soa.org and skronos@soa.org). Information and registration are available online through LOMA's Web site (www.loma.org).

Eric T. Sondergeld is assistant vice president, LIMRA International, and the staff representative to LIMRA's Annuity Committee, which plans the conference.

50th anniversary project draws media attention

by Jacqueline Bitowt
SOA Public Relations Manager

When Al Easton developed a survey about the years 2010 and 2050 for members of the Futurism Section, he didn't realize he would turn the Section into a media star reaching 17 million readers of the financial, business, and general press.

Easton, 1997-99 Section council chair, wanted to conduct that the Section had done in 1989. The study asked Section members to forecast future events in members' practice areas. The Delphi technique, developed by the Rand Corporation in the 1950s, assembles a group of experts and polls them on the same questions in up to four rounds of surveying. Each time, the previous round's answers are revealed so the experts can consider their next responses in light of their peers' views. (See "Futurism Section: What's ahead for 2010, 2050?" in *The Actuary*, October 1999.)

This seemed like the perfect idea for actuaries interested in futurism, Easton thought — especially with the Society celebrating its 50th anniversary on the eve of the year 2000 (to some, arguably the new millennium). What better way for futurists to celebrate both than by looking 50 years ahead?

Start the presses

The study was underway when the SOA's communications staff learned of it and saw the natural news value for a 50th anniversary media campaign. Working with Easton and the Section council, staff developed a media kit with four stories targeted to actuarial practice areas, a set of tables, and color graphics. The kit was mailed to appropriate news outlets and posted on the SOA Web site, and a news release was issued over Business Wire and through a print news service. The resulting attention from reporters seeking ideas for Year 2000 stories was immediate and widespread.

Probably the most impressive coverage was two very different stories that claimed page-one spots. First came an item in "Business Bulletin," a widely read weekly column of newsbriefs on *The Wall Street Journal's* front page. The column was picked up by the Associated Press and Dow Jones News Service, which reach nearly every U.S. newsroom. Then in November, a major insurance trade magazine, *Best's Review*, featured the Section's Delphi study and its results as the cover story for *Best's* life/health edition. The article, "Project Tomorrow," offered an in-depth look at the survey's results and their implications for the insurance industry. In addition to quoting the study's three primary spokespersons — Easton; Bill Bluhm, former SOA health vice president; and 1997-98 SOA President Anna Rappaport, a pension expert — the story included comments from 1996-97 SOA President David Holland and life insurance executive Alastair Longley-Cook.

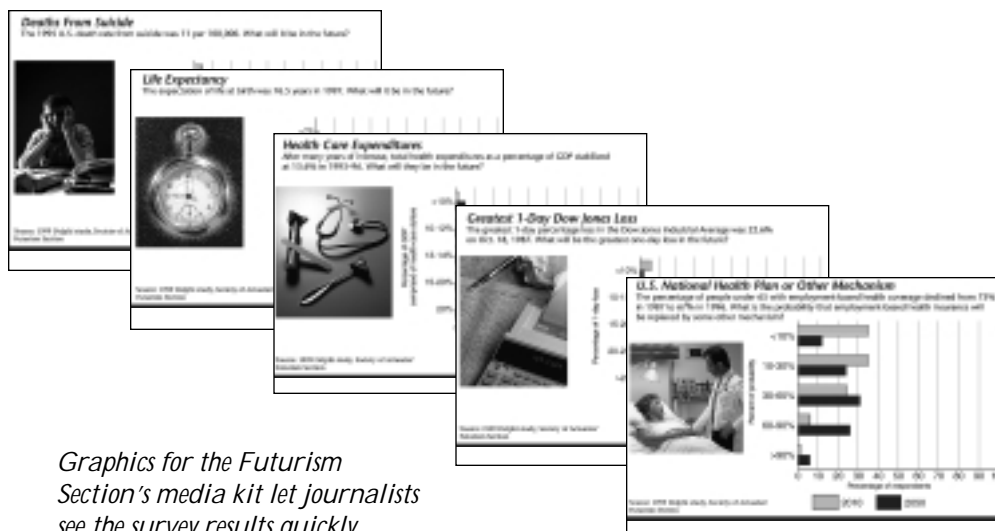
Substantial articles quoting actuarial experts also were published by *Life*

Association News, *Resource*, *Insurance Times*, *New Physician*, and *Pension Plan Guide*. Shorter stories ran in *Risk Management*, *Healthcare Business*, and *Investor's Business Daily*, and several dozen mid-size and small newspapers.

What's in it for you?

At press time, the SOA staff had received clips from publications with a total circulation of 17 million. More important is the fact that some of the audiences reached — financial and business executives and managers — are exactly those whose attention and managers could benefit the actuarial profession.

"In our day-to-day work, actuaries deal with details. The media coverage showed actuaries taking a 'big picture' approach to issues we deal with all the time, like the future of health insurance and life expectancy, in a way that cut through the details," noted Easton. "Many of us have trouble answering the question, 'What does an actuary do?' I hope the kind of publicity that the Delphi study brought for the Society will help get fewer and fewer people asking that question."



Graphics for the Futurism Section's media kit let journalists see the survey results quickly.

Survey results bow in public appearances

The Futurism Section's Delphi study drew audiences at several presentations last year.

A 1999 SOA annual meeting session, "Reading the Tea Leaves: Are We in Hot Water?", attracted 40 attendees. The session was chaired by Al Easton, the study's director and presented by panelists Lawrence D. Miller, Robert D. Shapiro, and Robert G. Utter.

The session drew attention months before it was presented. Last summer, the scheduled annual meeting session was noticed by a staff actuary at the Health Insurance Association of America (HIAA). The actuary

contacted Utter, incoming chair of the Futurism Section Council, and asked him to discuss the study at the 1999 HIAA Insurance Forum and Exhibition, Nov. 7-10, New Orleans. Utter talked about the study with the 25 health actuaries attending the "Actuarial Officers Round Table" session.

In June, members of the Albany, N.Y., Adirondack Actuaries Club heard Easton discuss the Delphi study's first round. At Easton's request, many of the 15 attendees generously speculated about the reasoning behind some of the first-round responses. These insights, combined

with others from the Section council members, were used by Easton to interpret the study's results.

For the Actuarial Society of Greater New York, Easton co-chaired a workshop in September with futurist Edward Barlow, president of Creating the Future, Inc., St. Joseph, Mich. The workshop, which drew 25 attendees, focused on the insurance customer of the future. Barlow presented his data on current insurance customers and trends, and Easton supplemented it with various aspects of the Delphi study results.

New book tells the story of 50 years at the SOA

The high professional status of actuaries is due in no small part to the strength of their professional organizations. One such group's story is told in a new book, *The First 50 Years: Society of Actuaries 1949-1999*. The book tells the intriguing story of the far-sighted professionals who joined to form what has become the largest actuarial organization in the world.

The eight Platinum Sponsors of the SOA's 50th Anniversary helped underwrite the book: Equitable Life, Ernst & Young LLP, Lincoln Financial Group, William M. Mercer, Milliman & Robertson, Inc., Swiss Re Life & Health America, tmp.worldwide (formerly LAI Worldwide), and Towers Perrin. Commissioned for the SOA's 50th Anniversary in 1999, the 281-page "coffee table" book is in full color and fully indexed. It includes a pull-out timeline, a dramatic graphic that clearly illustrates the world in which the organization grew.

Against the backdrop of a half-century of social, economic, and cultural change, archival material and rare photographs show the evolution of

the organization into the worldwide and influential body it is today. Interviews with 26 past SOA presidents paint a vivid picture of the development of a professional society.

The Society's story begins with the merging of two organizations, the Actuarial Society of America and the American Institute of Actuaries. The merger went smoothly, and events before and after showed the importance of actuaries to the insurance industry's growth. An insurance scandal in the early 1900s nearly brought laws that would have stifled the industry; a committee of actuaries helped deflect the movement. The Society's educational mission paralleled changes in the insurance industry, recognizing that "within life companies, emerging lines of business required new



actuarial applications." And for many of its experience studies, the Society "worked closely with insurance companies and industry groups, compiling broad-based, landmark studies beyond the reach of any one of its constituents."

The book recounts recent developments as well, such as the rise of actuaries' importance in pensions, employee benefits, and finance

and the growth of the profession around the world.

Copies are available for \$75 from the Society's Books Department (phone: 847/706-3500; fax: 847/706-3599; e-mail: bhaynes@soa.org). Or, an order form can be copied from the SOA Web site by clicking on the 50th logo at the top of the home page (www.soa.org).

SOA gets new executive director

by Linda Heacox

SOA Manager of Marketing Communications

Sarah J. Sanford, an executive with 20 years' experience in health care and association management, is the SOA's new executive director. She joined the Society in December after a five-month search by the SOA Board of Governors for an executive to replace John E. O'Connor, Jr., the SOA's executive director for the last 20 years, who died in June 1999.

Sanford comes to the SOA from the American Association of Critical-Care Nurses (AACN), where she was chief executive officer and executive director for 11 years. The AACN, headquartered in the Los Angeles area, is the largest specialty nursing organization in the world, with 70,000 members, 124 staff, and a \$19 million budget. By comparison, the SOA has 16,500 members, a \$20 million annual budget, and about 90 staff. Like the SOA, the AACN provides education and certification to members and emphasizes research activities.

Prior to joining the AACN, Sanford served in three administrative positions with Overlake Hospital Medical Center in Bellevue, Wash. Over nine years, she served as critical care coordinator, director of acute care nursing, and finally senior vice president of patient care services. She began her career as a critical care nurse, and she holds bachelor's and master's degrees from the University of Washington.

Though her schedule has been packed since joining the SOA, she found time recently to sit down with *The Actuary* and talk about her new position and her background.

Q. Can you compare the membership and its expectations of the last organization you were with, the AACN, to those of the SOA?

A. My interest has always been in professional development — in helping members be successful in their

profession. This is a fundamental dimension of both organizations and a major factor in my initial interest in the Society position.

For AACN, the implosion of the health care industry over the last several years has been a significant challenge. In the 11 years I was there, the organization had to reinvent itself three times, and still we realized that because of the flux in the state of health care, we would need to almost constantly continue to do so.

Given that rapidly changing environment, I came to believe that after 10 years, new blood would be good for the organization. That belief was the real impetus to change for me.

I was interested in the Society because of its intrinsic relationship with the corporate world. I'm very excited to be working in that environment.

Q. What in your background best suits you for your new role as executive director of the SOA?

A. I bring a lot of passion to what I do. I won't accept a challenge I can't believe in. I come from a completely different background than members, but I have 20 years of experience in associations and administration, and I have had a chance to observe and direct successful models of operations.

Also, because I'm coming from outside the profession, I come with no particular vesting in the specifics of how actuarial science or this organization should proceed. When I was in graduate school, I had a professor who told me the more complex a problem is, the more important it is to have an outsider looking at the situation with you as you try to solve problems. You need someone to ask "Why?" and to assure plans are clear and



Sarah J. Sanford

logical. I think there's great value in that, and I hope to be able to provide such a perspective.

Q. Can you compare the role of research in your last organization to its role at the SOA?

A. There was probably a slightly greater emphasis on research at the AACN, but the issues involved were very different. In AACN, nurse researchers always had to fight for the credibility needed to attract research funds, and, of course, nursing research is largely clinical, patient-related. Thus, there are many safeguards for patients that add to the bureaucracy but that must be incorporated into individual study models.

Based upon my very preliminary exposure, it seems the research program at the Society targets more macro issues. But it is very encouraging that the SOA has such well-established credibility. I think there are a lot of opportunities for expanding our scope of influence relative to research.

Q. What do you see as the most important function of the executive director?

A. I see my role as twofold. First, it's

conceptual — to be a partner with the membership and its leaders to define the vision, the philosophy. Second, the executive director has to serve as the leader of the staff team and define and implement the activities to achieve the Society's vision.

Q. How many of the officers and SOA Board members have you met?

A. I've met all the officers and probably two-thirds of the SOA Board. They strike me as highly dedicated and motivated. It's exciting to see the commitment to excellence and the obvious focus on doing the right thing for the profession. I'm looking forward to developing a better understanding of the committees and chairs. The volunteerism in this organization is very impressive, though there is vulnerability in that as well. It is possible that chairs of committees and others who consider leadership roles will be unable to devote the present level of commitment of time and energy to those roles in the future. We on the staff team will have to closely monitor that issue.

Q. You are coming into the SOA at a time of great change in the education process. How is that a plus or minus for you?

A. As we speak, the new system for education and examination has only been in place for a few days, and I

don't really have a feel for the impact the changes will have. I do know that issues surrounding E&E are a big challenge for all associations. The traditional methods of education and examination have worked well for past generations, but this new generation, we are told by demographers and others, is very different in its expectations. They want to work hard and pursue objectives like education or professional accreditation, but they also want to do it on their own timeline and in their own way.

The risk is, of course, that if they don't find models they like with us they will potentially do things with other organizations and/or companies. The implication is that we will need to establish an interactive mindset; commit, if you will, to understanding what the up-and-coming actuarial scientists need and desire, and then determine how we might want to respond. We will need to look at how to do that — e.g., online education and exams, virtual campus, etc. Clearly, our challenge will be to research and then build our product with the users so that we produce what is best for the profession and the candidates.

Q. Why is it that so many people from the nursing profession seem to move

into very responsible, even top management, jobs? Is there something about nurses' training that makes them very capable as managers?

A. Nurses tend to become advocates for patients, and in these days of managed care, they have to. In certain nursing practice areas like emergency room, oncology, and critical care, for example, where the pace is very quick and the patients are very vulnerable, this is especially true.

When you do that, you see the obstacles to giving care very quickly. These might be payor issues, approval issues, or hospital bureaucracy issues. Many who leave nursing go into administration to impact some of these issues and make the system more patient-driven.

Q. How do you think you will like living in the Midwest as opposed to the West Coast?

A. People can't believe I left Southern California for the Chicago suburbs in the middle of winter, but so far, the weather in Chicago has been kind. I grew up in Seattle, where it's very wet, and that can make you feel cold. Also, many have told me L.A. traffic must be worse than the Chicago suburbs'. I'm sorry to say it's about the same.

Sarah Sanford can be reached by e-mail at ssanford@soa.org.

New forums, registration announced for SOA Web site

by Peggy Grillot

SOA Web Manager

Two changes were recently made to the SOA Web site's discussion forums (www.soa.org).

First, two new actuarial discussion forums are now available: Professional Issues and Student Issues. Conference areas include: the four practice areas — health and disability, life and annuities, finance and investments, and pension; general interest; international and SOA ambassador news; software and technology; Web site ideas and comments; and cyberchat — the lighter side.

Second, to post messages in any forum, members will have to register using their member ID and have their registration validated by SOA staff. The ID is alpha-numeric, with a maximum of seven letters, digits, spaces, and/or special characters. The ID appears in the upper right-hand corner of the 2000 SOA dues statement. It is also on most mailing labels from the SOA.

Members of other actuarial organizations and those interested in the actuarial profession are invited to register as

well. Visitors can read all messages when they log in using the "guest" button.

Additional features in the new forums include messages waiting, chat, paging, and e-mail notification.

As with anything on the Internet, the discussion forums will continue to evolve with feedback. The SOA Web Editorial Board welcomes comments or suggestions under the "Web Site Ideas and Comments" area.

Peggy Grillot can be reached by e-mail at pgrillot@soa.org.



on the lighter side

Perfect harmony: actuaries & music

by Kelly Mayo
SOA Public Relations/
Marketing Coordinator

They've sung in college bands, school choirs, and barbershop quartets. They play instruments like cellos, violins, and trumpets. By day they're actuaries in a variety of positions. By night, they're musicians offering their talents to communities, traveling shows, and the theater.

It's evident that musical endeavors are popular among actuaries. An article asking actuaries for their musical stories ("Music and actuaries," *The Actuary*, September 1999) brought more than 50 responses from SOA members.

Many actuaries found their interest in music eased the pressure of studying for the actuarial exams. Others began or continued musical interests during their careers. Jay Egelberg, vice president for The Segal Company, did both. He took up singing, musical direction, and choral accompaniment while studying actuarial science. "During exams, music became my only salvation," says Egelberg, "especially playing the piano." After finishing exams, Egelberg became more active and even conducted a small group of singers for several years at Joan Rivers' private Christmas party. He has also performed at Carnegie Hall.

David Holland, 1996-1997 SOA president, found Bach's music to be an actual study aid. "The great organ fugues helped me organize and study

exam material," recalls Holland. After finishing exams, he joined Emory University's Collegium Musicum, which performed one of Bach's "Passions." "The music world is better off now that I'm just listening," he jokes.

Actuaries' musical interests have a wide span.

Barbershop music is popular among actuaries. Many belong to one of the 600 barbershop quartets worldwide. Andrew Deitch, group actuary for TIAA-CREF, New York, has performed barbershop music for 24 years. "The biggest attraction (musically) is when you 'lock' or 'ring' a chord," says Deitch. Nicole Stopoulos, consultant for Towers Perrin, Chicago, is a baritone for the Melodeers Chorus, an all-women barbershop group. "Our chorus is a two-time International Chorus Champion with over 100 members," Stopoulos says.

Richard Lowe began playing bluegrass and the mandolin in college. "My first band, Gritz, played for six years ... sometimes with 'bluegrass legends' such as Bill Monroe, Lester Flatt, and the Osborne Brothers. We even played a fund-raiser for Jimmy Carter," Lowe recalls.

Rowland Cross, principal actuary for the IRS, was part of a chorus organized and conducted by the late Leonard Bernstein. "The group performed Beethoven's Ninth Symphony in Berlin only a month after 'the wall' came down. The performance was telecast around the world," recalls Cross.

Deb Poppel, actuarial director, John Hancock Mutual Life, currently sings, directs, and arranges music for Boston Uncommon, a six-woman ensemble. "Our proudest moment was performing on the 'Rosie O'Donnell Show' in 1997," Poppel says.

Musical and actuarial interests are a family affair for B. Roger Natarajan, vice president for Allstate International, Chicago. "All three of us — my wife, an ASA, and my son, who just passed his first exam — organize classical

music concerts in U.S. cities," claims Natarajan. "We promote Carnatic music, practiced for several hundreds of years in the southern part of India," and today played on western instruments: mandolin, violin, guitar, saxophone, and clarinet.

Musical building

While many actuaries play an instrument, Barry Hall, consultant for PricewaterhouseCoopers, San Francisco, takes it a bit further. "Collecting and building musical instruments are some of my passions," says the author of articles published in the *Experimental Musical Instruments Journal*. In "Two Hardware Store Instruments," Hall describes how terra cotta flowerpots can produce a variety of musical sounds when arranged properly. Hall also builds unusual ceramic instruments and uses them in his band, Burnt Earth.

J. Bruce MacDonald, Halifax, Ontario, builds for music in a more traditional way. "I have served on the boards of several musical organizations," including Symphony Nova Scotia and the Scotia Festival of Music. The latter group once brought renowned conductor and composer Pierre Boulez to its audiences. Also, MacDonald recently wrote an opera libretto. He and the composer "are trying to find someone to stage it."

And so the band plays on

As some actuaries retire, they continue to exercise their musical talents.

Stan Slater, a resident of Century Village retirement community in Boca Raton, Fla., directs the "Hurricane Harmonizers," a local barbershop chorus.

Samuel Tucker was a church organist and choirmaster before becoming an actuary. "After retiring from my last actuarial job 18 years ago, I stayed with my current church job, where I (played) a four-manual pipe organ," says Tucker. "Now at age 83, I plan to continue playing freelance into the third millennium."

Exam prep sessions and materials

JAM seminar

Just Actuarial Material (JAM) will offer a study seminar for the new SOA Course 6 this year. Sessions will be held March 23-28 in Chicago, April 3-8 in Nashville, and April 13-18 in Hartford.

Details are available from Mike Carmody at JAM (phone: 615/333-7438; fax: 615/333-1712; e-mail: mikecarmody@home.com) and on

JAM's Web site (<http://members.home.net/mikecarmody/jam.htm>).

ASM offerings

May exam study aids are being offered by Actuarial Study Materials.

Study manuals, software, and textbooks for the May exams are available through ASM by phone, fax, and the Internet (phone: 888/275-4276; fax: 516/868-6595; Web: www.ask4asm.com).

Austin 3

Dr. James W. Daniel will offer an eight-day intensive seminar for the joint CAS/SOA Course 3 at the University of Texas at Austin, April 1-8. Details and registration information are available from Dr. Daniel (phone and fax: 512/343-8788; e-mail: jimdaniel@mail.utexas.edu.) and on the Web at www.actuarialseminars.com.

DEAR EDITOR

ABCD's commitment to high standards

An edited version of the following letter was published Nov. 26, 1999, in The Wall Street Journal. The letter, from Henry K. Knowlton, vice chairperson of the Actuarial Board of Counseling and Discipline (ABCD), responded to a Journal article reporting that the U.S. Labor Department planned to examine actuarial firms' role in helping employers convert to cash balance pension plans from traditional plans. The article reported that from its 1992 inception through 1998, the ABCD had disciplined "only" seven actuaries.

In her Oct. 29 article in *The Wall Street Journal*, Ellen Schultz made reference to the Actuarial Board for Counseling and Discipline. As a member and former chairperson of the ABCD, I was more than disappointed by the dismissive tone of Ms. Schultz's comments.

The ABCD is a volunteer board that takes its responsibilities to the actuarial profession and the public very seriously. The number of actuaries who have been disciplined may seem relatively small in the abstract, but it must be

remembered that the actuarial profession itself is minuscule compared to other professions. There are fewer than 18,000 actuaries in the entire United States. By contrast, there are more than 40,000 lawyers admitted to practice law in the District of Columbia alone.

Ms. Schultz's article fails to report that, from its inception, the ABCD has considered more than 150 cases that could have resulted in disciplinary action. Where the complaints were without merit, the ABCD dismissed them. In many cases, however, the ABCD offered specific guidance directing actuaries to improve their practices. Ms. Schultz also ignores the more than 100 instances where conscientious actuaries have voluntarily contacted the ABCD requesting guidance on how to deal with thorny professional issues.

The ABCD is committed to maintaining the high standards of conduct, practice, and qualification of the actuarial profession. I would urge Ms. Schultz not to be so quick to dismiss the valuable service that the ABCD provides to the actuarial profession and the public.

Henry K. Knowlton

* * *

Electronic Directory

In a June 1999 letter, Messrs. Bolnick, Crowder, and Smith announced that the 2000 *Directory* will cost \$75 in a printed version and that "in the near future, the print version will no longer be published." I urge them to reconsider.

For me (and, I suspect, many others), the main use of the *Directory* is to look up another actuary's phone or fax number or e-mail address. It is much faster and easier to reach for a handy book than to go online, connect to a site, and hunt through a few Web pages.

Charge if you must, but I don't think eliminating the printed *Directory* would "enhance member services." Before making a final decision, why not ask the membership its opinion?

Denis Loring

SOA president replies

The decision to begin phasing out the distribution of the printed membership directory is part of an overall strategy to move to electronic publication of most SOA materials, as mentioned in the June 1999 letter to members. This transition will occur over the next three to five years in stages.

(continued on page 16)

Dear editor (continued from page 15)

In fact, we not only asked members for input but are responding to members' interests as shown in the 1999 member needs survey. The survey indicated a receptivity to electronic publishing and that 98% of members have access to e-mail.

Charging for the 2000 print version of the *Directory* was intended to encourage use of the online version. Recently, the SOA Board decided to reduce the price of a printed *Directory* from \$75 to \$25 per copy to make the transition easier. However, this year's publication of a printed copy is only an interim step toward a total electronic *Directory*. These include continuous updates to the *Directory* throughout the year, access to the *Directory* while traveling, and electronic sorting capabilities, just to name a few.

Mr. Loring's comment that the main use of the *Directory* is to look up another actuary is true for most of us. I have to say that after using the electronic version for more than six months, I personally find it faster than searching my printed copy. Also, since 40-50% of our members change information each year, the electronic list is more accurate as the year unfolds.

We understand members' concern about being able to access information in the *Directory* quickly. Please be assured that we will discontinue the printed publication of the *Directory* only when appropriate. The SOA director of publications is continuing to evaluate this situation.

A. Norman Crowder, III

Puzzle fans

The puzzle will return with the February issue.

Editors welcome your letters to *The Actuary*

by Robert D. Shapiro
 Editor, *The Actuary*

Your views of actuarial and Society issues are important, and the editorial board of *The Actuary* reminds readers that letters to the editor are welcome. Authors from both within and outside the actuarial profession are invited to submit letters to the "Dear Editor" section.

The editors recently reaffirmed *The Actuary's* long-standing guidelines on letters to the editor.

- Letters must be directed specifically to *The Actuary's* staff editor or to an editor of *The Actuary* and forwarded to the SOA office. They may be sent by mail, e-mail, or fax.
- Letters should be concise.
- The editors reserve the right to edit letters for length, basic syntax, grammar, spelling, and punctuation.

- The editors reserve the right to withhold letters with phrasing that could be interpreted as personal attacks against an individual or organization, even in jest.
- All letters must be signed; no anonymous letters will be accepted.

In addition, letters intended solely for publication in *The Actuary* will be preferred, although the editors will consider letters developed for other audiences. Also, the preferred length is a maximum of 400 words, about one-half page in *The Actuary*. Send letters to Jackie Bitowt, *The Actuary's* staff editor (fax: 847/706-3599; e-mail: jbitowt@soa.org; Society of Actuaries, 475 N. Martingale Road, Suite 800, Schaumburg, IL 60173).

Bob Shapiro can be reached by e-mail at shapiro@netstream.net.

IN MEMORIAM

Homer George Anderson
 ASA 1955, MAAA 1966

George Donald Kaye
 ASA 1953, FIA 1951

Robert Lewis Dunn
 FSA 1969, MAAA 1970,
 FCIA 1965

Jaywood Lukens
 FSA 1934, MAAA 1965

Graham Holland
 FSA 1968, FIA 1959,
 FCIA 1965

Allan Roby, Jr.
 FSA 1964, MAAA 1965

John F. Hook
 FSA 1952, MAAA 1965