



SOCIETY OF ACTUARIES

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PUBLIC POLICY— THE ROLE OF THE SOA

AN INTERVIEW WITH JENNIFER GILLESPIE

The Society of Actuaries (SOA's) 2013-2016 strategic plan introduces a role in public policy that is more active than in the past with an objective to inform public policy development and public understanding. A task force was created and they provided a report that was adopted by the SOA Board in October 2013. We had an opportunity to interview Jennifer Gillespie, who chaired the task force about that work.

Q: WHY DID THE SOA BOARD APPOINT A TASK FORCE TO CONSIDER ITS ROLE IN PUBLIC POLICY?

A: The SOA was consistently receiving unsolicited feedback from members that actuaries have an important contribution to make to major public and social issues. We have things to say about these issues and ways in which we can contribute to public understanding of these issues. The Board saw that historically a number of SOA research reports have had implications for public policy and were integral to serving policymakers and regulators. Furthermore, the 2013 Strategic Plan formally identified policymakers and regulators as stakeholders, but without defining what that would mean in practice.

Q: WHO WAS ON THIS TASK FORCE?

A: I had the privilege of chairing the Public Policy Strategy Task Force, which included seasoned actuaries from different practice areas, bringing wide-ranging perspectives on SOA research: Mary Bahna-Nolan, Larry Bruning, Jay Bushey, Gordon Enderle, Ian Genno, Steve Goss and Alice Rosenblatt. Mike Boot from the SOA staff was also an important participant. The task force held a face-to-face working meeting and a series of conference calls to wrestle with issues ranging from whether the SOA should do any research in the public policy space to how we ensure high-quality work and careful communication.

Q: WHY DID THE TASK FORCE DECIDE IT WAS IMPORTANT TO HAVE A FORMAL STATEMENT ON PUBLIC POLICY RESEARCH AND ANALYSIS?

A: We recognized the need for a one-page statement introducing the SOA to audiences, beyond actuaries, who would be encountering our research. The SOA increasingly receives questions from a range of audiences about who we are and what is our purpose and intent in producing research. This document, "Appendix I—Society of Actuaries Public Policy Research and Analysis Statement," can address many of those questions and is included on page 30.

Q: HOW DID YOU GO ABOUT CREATING THIS STATEMENT?

A: To get a running start, we reviewed similar statements and best practices of 45 other well-regarded organizations including research organizations, think tanks, other professional organizations, other actuarial organizations, industry trade groups, employers of actuaries, and government organizations. Examples of these organizations included EBRI, the GAO, RAND, CD Howe, Brookings, Pew, the Urban Institute and LIMRA. The group debated which messages were most important to capture. We agreed that what is unique about the



perspective and skills of actuaries and the research from the SOA were the most important elements to convey. The SOA Board also had a chance to discuss and make some changes to the statement.

Q: WHAT ARE SOME OF THE KEY ELEMENTS OF THE PUBLIC POLICY RESEARCH AND ANALYSIS STATEMENT?

A: It is common for organizations to list their principles in such a document, but we thought that the four principles the task force identified should be more prominent. They are foundational to our research efforts, so we describe them in more detail in the document. Actually, the list was originally in alphabetical order, but the task force kept landing on objectivity as a key theme,

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so it is listed first. Another important message conveyed in this statement is that the point of SOA research is not to take advocacy positions or to lobby specific policy proposals. Rather, its goal is to inform with data and models on topics where actuaries have particular expertise. Other actuarial organizations, such as the Canadian Institute of Actuaries or the American Academy of Actuaries, include these other objectives as part of their mission.

Q: WHAT OPPORTUNITIES ARE CREATED FOR THE SOA AND THE ACTUARIAL PROFESSION BY INVOLVEMENT IN PUBLIC POLICY?

A: Actuaries can contribute to discussions on important societal topics. We can demonstrate expertise and enhance the perception of the actuarial profession. We also can help attract great new talent as more young people desire to be part of a profession that is visible in these societal discussions.

Q: DID THE TASK FORCE MAKE ANY RECOMMENDATIONS ABOUT THE PROCESSES THE SOA SHOULD USE FOR THIS TYPE OF RESEARCH WHEN THERE ARE MANY VOICES TRYING TO DRAW ATTENTION IN A VERY POLARIZED POLITICAL ENVIRONMENT OF PUBLIC POLICY TODAY?

A: The task force made a number of recommendations with regard to how projects should be selected and how the

process should work. For example, it is important to choose a topic about which actuaries have special expertise—one which we could contribute to in a timely fashion. If you pick poorly or wait too long, you are irrelevant. We also recognize that research in the public policy and regulatory space may receive extra scrutiny. It is important that we plan about communicating the results before the project even starts. Who will be the researcher? Who will be on the project oversight group (POG)? What concerns do other actuarial organizations or employers of actuaries have? And so on.

Q: HOW DOES SOMEONE STAY INFORMED ABOUT SOA RESEARCH, INCLUDING ITS PUBLIC POLICY RESEARCH?

A: A section of the SOA website is dedicated to research topics. You can check out past research e-newsletters. You can view completed experience studies and other completed research projects. And, you can see information about planned research. Another great way to learn more is to get involved! The SOA always needs qualified volunteers to participate on the POGs. It's an important way to contribute.

APPENDIX I—SOCIETY OF ACTUARIES PUBLIC POLICY RESEARCH AND ANALYSIS STATEMENT

The Society of Actuaries (SOA), formed in 1949, is one of the largest actuarial professional organizations in the world dedicated to serving 24,000 actuarial members and the public in the United States, Canada and worldwide. In line with the SOA Vision Statement, actuaries act as business leaders who develop and use mathematical models to measure and manage risk in support of financial security for individuals, organizations, and the public.

The SOA supports actuaries and advances knowledge through research and education. As part of its work, the SOA seeks to inform public policy development and public understanding, through research. The SOA aspires to be a trusted source of objective, data-driven research and analysis with an actuarial perspective for its members, industry, policymakers, and the public. This distinct perspective comes from the SOA as an association of actuaries, who have a rigorous formal education and direct experience as practitioners as they perform applied research. The SOA also welcomes the opportunity to partner with other organizations in our work where appropriate.

The SOA has a history of working with public policymakers and regulators in developing historical experience studies and projection techniques as well as individual reports on healthcare, retirement, and other topics. The SOA's research is intended to aid the work of policymakers and regulators and follow certain core principles:

OBJECTIVITY The SOA's research informs and provides analysis that can be relied upon by other individuals or organizations involved in public policy discussions. The SOA avoids taking advocacy positions or lobbying specific policy proposals.

QUALITY The SOA aspires to the highest ethical and quality standards in all of its research and analysis. Our research process is overseen by experienced actuaries and non-actuaries from a range of industry sectors and organizations. A rigorous peer-review process ensures the quality and integrity of our work.

RELEVANCE The SOA provides timely research on public policy issues. Our research advances actuarial knowledge while providing critical insights on key policy issues, and thereby provides value to stakeholders and decision makers.

QUANTIFICATION The SOA leverages the diverse skill sets of actuaries to provide research and findings that are driven by the best available data and methods. Actuaries use detailed modeling to analyze financial risk and provide distinct insight and quantification. Further, actuarial standards require transparency and the disclosure of the assumptions and analytic approach underlying the work. ■

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ON TRACK WITH GENERAL INSURANCE

BY STUART KLUGMAN



November 2013 saw an important milestone in the development of the Society of Actuaries (SOA's) newest track to fellowship—General Insurance. That month, the full extent of the track curriculum was released. This included availability for registration of the Applications of Statistical Techniques module (specially created for this track) and release of the syllabi for the Financial and Regulatory Environment and Advanced Topics exams (to be given in spring 2014). This makes now a good time to look back on why the SOA Board decided to add this track, examine how well the Board's vision has been realized, and note what remains to be accomplished.

The SOA Board approved the new track at its March 2012 meeting. This was done as part of the Board's ongoing efforts to achieve the SOA's vision to be the leading global provider of actuarial education. Research done at that time, which has continued to be confirmed, indicated that general insurance (also called property/casualty insurance and nonlife insurance, depending on location) is the fastest growing branch of actuarial work, particularly outside the United States and Canada, and that the gap was not being filled by existing actuarial organizations.

A further motivation for the track was that in many parts of the world the distinction between practice areas is not as sharp as in the United States. Employers and those who hire actuarial consultants look for actuaries from an organization that covers the broad range of actuarial work. The SOA has long believed that its members should have basic grounding in all practice areas (general insurance has been part of SOA education for all members for several decades, currently through the Fundamentals of Actuarial Practice course). The addition of the General Insurance track ensures that SOA candidates have an opportunity to specialize according to their interests and goals while being grounded in the full range of actuarial practice.