

**TRANSACTIONS OF SOCIETY OF ACTUARIES  
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**REPORTS ON TOPICS OF CURRENT INTEREST**

**REPORT OF THE COMMITTEE ON THE FUTURE  
COURSE OF THE SOCIETY\***

Some day the histories of the United States and Canada will mark the past few years as significant for the extent of governmental inauguration of social plans and planning in fields directly or closely related to the actuary's work in pensions and insurance. As individuals we may embrace, accept, or reject the political philosophies underlying these current activities. As individuals we may agree on the broad social objectives being sought but disagree fundamentally on the best means of reaching these desirable goals. We may look upon some of these measures as overdue or, alternatively, as ill-advised attempts to legislate a general state of well-being that would be more safely and surely reached by an evolutionary process. One thing, though, we cannot do is to ignore the issues of our times, and, in so saying, I add quickly that I do not infer that actuaries, as individuals, are unmindful of or disinterested in their civic responsibilities.

This is not the occasion for casting up a complete account of the ways in which actuaries are now bringing their professional talents to bear on public questions. Perhaps the most apparent way is through service on committees appointed under the auspices of government, universities, chambers of commerce, national business organizations, as well as the trade associations of the life insurance business. To take, for example, just one recently appointed committee from each of these five categories, and limiting ourselves to committees dealing with national pension problems in the United States, we can count the names of more than a score of Fellows of this Society who are giving committee service outside of their regular employment. The influence of these individual efforts is unquestionably great, but nevertheless, the question that we face is whether or not the actuarial profession should have a voice of its own. This is particularly compelling when the matters dealt with are important from a public standpoint and clearly within the competency of the actuarial profession.

With the growth in general appreciation of the nature and responsibilities of the actuarial profession, it is not surprising that increasingly in the last few years we hear the question, "What do the actuaries think of

\* Discussion of this report appears in Part II of this volume.

this or that proposal?" Unlike other professions, ours has no clearly accepted or clearly recognized procedure for giving answers. You are all aware that our President and Board of Governors have had to entertain this kind of question and that the source of the inquiries and the subject matter have been too important to ignore. Among other things, the President specifically requested the Committee on the Future Course of the Society to examine the problem of whether or not the Society should have any collective voice on public questions and, if so, under what conditions it should be heard.

In terms of numbers of members, ours is a small profession. Nevertheless, it would be foolish to suppose that all of us would ever totally agree on the best answers to the kind of public questions that arise. Should this foreclose any kind of collective statement of actuaries in an appropriate situation and under circumstances directly related to a major professional concern of large numbers of actuaries? After careful deliberation, the decision of our Committee was that there can be situations in which the profession, through the Society, has a public duty to respond. We considered that it was more reasonable to expect an increasing measure of public and legal recognition for the profession if, as a profession, we had a mechanism for expressing our views on questions of major public interest within our special fields of competence.

The Committee was highly conscious that over the years the Society has carried forward a strong tradition of our membership being a purely individual matter. This tradition, which runs counter to the idea of collective expression of opinion, finds its support in our requirements for membership, our procedures for electing officers and governing board, the sources of our revenues, and the nature of our meetings. Central to this basic aspect is the constitutional provision, carried forward unchanged for seventy-seven years, that no resolution expressive of opinion shall be entertained at any meeting of the Society. The account in *TASA*, Volume I of the founding of the Actuarial Society of America clearly indicates that the provision was included in the original constitution to avoid having the aborning Society become the instrument for any criticism of individual companies or individual plans of business. The discussion of the founders did not contemplate today's situation of a well-established actuarial organization in a world of insurance and pensions in which "business" as then referred to is now but a part. Our Committee concluded that some change was desirable.

If we look only to the letter and not to the spirit of our constitutional provision, the proposition can be made that, as matters stand, all manner of expression of opinion is not, in fact, barred. Because of the major

change of philosophy now contemplated, however, our Committee did not favor new procedures based on a legalistic interpretation but recommended that they be based on specific constitutional authority approved by the Fellows of the Society. Accordingly, our Committee recommended that the Constitution be appropriately amended to provide that neither the Society of Actuaries, nor the Board, nor a committee shall publicly express an opinion, except with respect to matters of public interest involving actuarial principles and then only in accordance with procedures determined in each instance by the Board of Governors.

Under the terms of our Committee's proposal, the Board itself would have to consider any requests or suggestions involving a statement of opinion. It was the Committee's view that the authority vested in the Board should be exercised sparingly and only in matters judged by the Board to be of vital and fundamental importance. Although the Board would have the power to assign a particular subject to a committee, our Committee recommended that, whenever this is done, the Board set the conditions under which the committee may make reports or statements or give testimony. For example, the committee could be instructed to preface such reports, statements, or testimony by a complete statement of how and why the committee was appointed. A disclaimer to the effect that the report or statement represented no more than the views of the committee so appointed might, or might not, be specified as a part of the required procedure in a particular case. Our Committee also contemplated that in a matter of great importance the Board might charge a committee to return its findings to the Board for review and disposition. The report, statement, or testimony in a case of this kind might well be made by the Board or by the President on behalf of the Board. These latter procedures come close to paralleling those utilized by the Institute of Actuaries on the rather infrequent occasions when that body has dealt with public questions. In no event could any opinion be expressed on behalf of the Society, as a whole, without a vote of the Fellows.

The Committee has been advised by our legal consultants that our recommendations, if adopted, do not endanger our incorporation under The General Not For Profit Corporation Act of Illinois, nor need they endanger our general exemption from taxation. To continue to qualify for tax exemption under the Internal Revenue Code, we have to be sure that no substantial part of our activities is directed to influencing legislation. This requirement strengthened the Committee's view that utilization of the proposed constitutional authority should be undertaken only in comparatively rare instances of fundamental importance and widespread public interest. To insure that consideration of these matters

would always have full and deliberate attention when they first arise, we have recommended that the revised Constitution provide that the Board must determine in each instance the procedures to be followed. Accordingly, our Committee further recommended that, if the Constitution is so amended by vote of the Fellows, the Board of Governors should amend its resolution with respect to the powers of the Executive Committee so that that committee will not have the power to express opinions.

The Board of Governors at its meeting on October 30, 1966, approved the Committee's recommendations just described. Accordingly, the Fellows of the Society will, in due course, be given notice of proposed constitutional amendments to be voted on at a later meeting of the Society.

The President has asked me to say that you will have an opportunity to discuss this matter at the general session on Wednesday morning after the Panel on Private Pensions in the United States and Canada.

WALTER KLEM