



SOCIETY OF ACTUARIES

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# Product Matters!

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# Chairperson's Corner: Election Time

By John Currier

**W**e've recently completed our Society of Actuaries elections and are about to unveil our new President-Elect, board members, and section council members. For those of you involved as candidates, please accept my heartfelt thanks for your willingness to volunteer to advance our profession. For those of you who participated in the balloting, I offer my thanks as well for taking the time to engage in an important process.

Of course, there are a few other elections going on. In the United States, it is that time of year when our television screens are filled with those who hope to represent us on the school board, town council, state government, the hallowed halls of congress and seemingly every possible other representative body. With pivotal mid-term elections just weeks away, voters are about to determine the next two years of legislative policy (or if you happened to be in an early primary/caucus state it may seem that the presidential election is as imminent). The choices can be overwhelming, the differences in candidates are sometimes difficult to determine, and many folks just don't feel like they have the knowledge to make the right choice. Some will choose not to participate, others will act on the advice of those they know and trust, some will choose based on who they find personally appealing, and others still will invest a significant amount of energy to understand all they can about each and every choice before they enter the polling place. After all is said and done, those who voted will have narrowed the cast down to the select few who will have the responsibility to represent us and (hopefully) a set of promises they intend to keep.

In many ways our job in product development is like running a campaign.

When we build a candidate (product), we first start with our "party platform"—be it life, health, longevity, disability income, or others type. We need to understand what promises (guarantees) we are planning to make and which of those we can afford to make—through diligent study and analysis, of course. We then may conduct some polling to determine how our "candidate" is going to resonate with the voters (agents, customers and our risk committees among others). We may conduct some qualitative polling and we usually work off some rigorous "polling" data compiled by experience studies, policyholder behavior research, empirical testing, and stochastic models.

Like all good candidates, we must balance the potential competing needs of the voters we serve—some will care most about the "price," others care most about the long-term value created in terms of peace of mind, some may be most concerned with profit potential, and others are most concerned with tail risks. All of their views are valid and the best candidate will be one who can balance meeting all of their needs in a way where everyone feels like their voice was heard and considered.

Finally, we put our candidate out on the campaign trail—we launch our products and best position our value proposition so that it appeals to the voters. This is where our customers vote every day. Just like voters in an election, some vote on diligent research, some on charisma, some on advice, and some choose to abstain from the process. No matter how they made (or didn't make) the decision to be a part of our constituency, we need to make sure our candidate is serving them as best we can.

We also need to poll constantly (monitor experience) and adjust what we can based on that data or at least use that to inform the candidate we put up for the next election. In the end, remember that what we do serves our customers, that we make promises we have to keep, and our job in product development is to make sure that we have taken enough care in making those promises that we leave something viable for the long term.



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Maybe the analogy is a stretch and maybe I was just thinking about it out of candidate advertising fatigue, but I think there are some lessons that resonate. What we do matters (Product Matters! after all) and there are a lot of voters out there counting on us to deliver the goods!

We have another opportunity to vote—or let your voice be heard at least. We want you to let us know how you feel about the Section, the content, what we can do better, what we should stop or start, or just engage in some meaningful dialogue about a topic presented here or at a meeting. We are adding a “letters to the editor” section and encourage you to participate. We want to know how to better serve you!

I look forward to seeing you at the annual meeting and seeing the results of one of your recent votes—our new society leadership. I'm sure you chose great new council members (you couldn't have gone wrong with anyone on our slate) who will be helping shape our policy for the next three years. □

-John

## A Letter to the Readers of the Product Matters! Newsletter:

We want to hear from you! Starting in the February 2011 issue of the Product Matters! newsletter, we are incorporating a new “Letters to the Editor” section. This is your chance to comment on articles you have read, make suggestions for future articles, or provide feedback on items that you like or could use improvement in the newsletter. It is our main goal to make this a useful source of information for the members of the Product Development Section. We value your input and we hope to hear from you soon. □

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