

TRANSACTIONS

OCTOBER, 1968

ADDRESS OF THE PRESIDENT, MORTON D. MILLER

THE SOCIETY LOOKS AHEAD

THIS has been a busy and forward-looking year for our Society. It was a year that saw us take major steps to ensure that the Society will be better able to fulfill the needs of its members in the days ahead.

I welcome this opportunity to report to you on these and other actuarial happenings which have occurred during the year. I think it important that what the Society does be recorded in the *Transactions* to thus become a part of our written history. Moreover, I feel it essential that our members be kept fully informed concerning Society affairs.

THE INTERNATIONAL CONGRESS

A noteworthy happening was the Eighteenth International Congress of Actuaries in Munich in June, which was attended by more than one hundred and forty of our members from the United States and Canada. Later on, you will be hearing a report in detail about the doings at the meeting.

I would like to comment on the remarkable fact that the series of International Actuarial Congresses began in 1895, almost three-quarters of a century ago. Planning for the initial Congress, which was held in Brussels, was started some years earlier. An interest on the part of Continental actuaries in translating King's textbook *Life Contingencies* into French had given the initial impetus to the idea. A major accomplishment of the first Congress was agreement on a universal actuarial notation. Attendance was small in comparison with today's but even then fifteen countries were represented, including the United States and Canada.

The first International Congress of Actuaries was a pioneering effort in world-wide co-operation and something in which we all can justifiably take pride. We have large numbers of international organizations now, but relatively few were founded in the nineteenth century. As far as I have

been able to ascertain, among the professions only the experts on international law and, fittingly enough, the statisticians—the International Statistical Institute (about whose 1969 meeting a notice was distributed along with the Society's Annual Meeting program)—formed international groups and held meetings antedating those of the actuaries. It is not widely known, but the Permanent Committee of the Congress is among the international, nongovernmental organizations, as they are classified, which are recognized by the United Nations. As such, the Congress has consultative status in relation to the Economic and Social Council of the United Nations.

An interesting development following the close of the Munich Congress was the formation of a new organization, the International Association of Consulting Actuaries, to facilitate the world-wide exchange of information and views on matters affecting consultants. IACA, as it will be referred to, will next meet in the United States in 1970.

Norway will be the host country in 1972 to what is now to be called the International Association of Actuaries. I must express a feeling of dismay at the loss of the traditional Congress name, representing as it does such a clear link to the past. Instead, another "Association" has been added to the myriad of others in what strikes me as a mistaken move to conform and thereby slip in the direction of anonymity.

THE FUTURE-COURSE COMMITTEE

The year also saw the completion of the work of the Committee on the Future Course of the Society under the extremely able direction of Walter Klem. This special committee, the fourth since the formation of the Society in 1949, was given a larger assignment than its previous counterparts.

It was recognized that the winds of change were bearing heavily on our Society. Membership is up sharply. The work of the actuary is increasingly complex, bringing added specialization of actuarial activity and interest. The drive for legal status for the profession is drawing the several actuarial organizations closer together. So, this committee was asked not only to examine the Society's organization and procedures but also to consider broadly how the Society could serve its members best in today's environment, with an eye to the future. The committee's far-reaching recommendations received immediate acceptance.

POST-FELLOWSHIP EDUCATION

The Committee on Continuing Education, which the Future-Course Committee proposed, was appointed this summer. This committee will

explore ways to extend actuarial education beyond the core of knowledge which constitutes the Fellowship curriculum. It will seek to develop new opportunities for all of us to update our knowledge of actuarial matters and to expand our understanding of related disciplines.

The committee will supplement rather than supplant the existing educational activities of the Society. Therefore, its membership includes cross-over representation from other Society committees functioning in related areas, as well as representation from the different fields of actuarial endeavor and by geographical location. Furthermore, one-third of the committee was selected from among those who have attained Fellowship since 1960, to ensure that the views of younger actuaries and their special needs receive full consideration.

The committee's chairman will be reporting on its progress to date later in this meeting.

FIELDS OF ACTIVITY COMMITTEE

The Fields of Activity Committee has the job of seeing that the Society's work is adequate for, and attractive to, the members in the various actuarial fields. To this monitoring role has been added direct involvement in the design and planning of the Society's programs. The advantages of this step are obvious—substantial help with the programming along with much needed continuity and the ability for more effective forward planning. The membership of the committee has been increased 50 per cent in recognition of its enlarged responsibilities.

Under this new regimen, a number of innovations and changes have already been introduced. The programs this year have included a larger number of outside speakers, greater reliance on workshops and concurrent sessions, a new procedure for the introduction and discussion of papers, and an official luncheon to welcome new Fellows and their wives.

To be sure that we were moving in the right direction, an evaluation of these changes was sought from the members in attendance at each of the three spring meetings. The result was nearly unanimous approval.

RELATIONSHIPS WITH OTHER ORGANIZATIONS

Significant steps have been taken to expand the Society's relationships with other organizations, including not only the other actuarial bodies in the United States and Canada and the local actuarial clubs but also the mathematical and professional groups with which the Society has a common interest.

When the need became apparent, the Society helped to promote the idea of a Joint Committee on Review of Education and Examinations,

through which policy matters concerning the education and examination of actuaries could be co-ordinated with the other five professional actuarial organizations: the Academy of Actuaries, the Canadian Institute of Actuaries, the Casualty Actuarial Society, the Conference of Actuaries in Public Practice, and the Fraternal Actuarial Society. Because of the importance of the project for the profession as a whole, the presidents of the constituent associations were invited to attend the first meeting of the committee in February. Happily, all but one were able to take part in this historic occasion.

Consideration is being given by the committee to such basic questions as the following: What should be the extent of the actuarial knowledge common to all actuaries in whatever fields they practice? What should be the minimum requirements for recognition as a professional actuary in each of the several fields of actuarial practice? In particular, the committee has much in mind the need for the Conference of Actuaries in Public Practice to adopt an examination system to qualify new members in the future. The Society supplied the committee members with a broad range of background materials drawn from our education and examination activities over the years.

In connection with the effort to obtain legal recognition for our profession in the United States, the Society very properly looks to the Academy of Actuaries for leadership. The Canadian Institute has achieved this result for its members, but progress in the United States has been frustratingly slow. The only accreditation statute we have, the one in Indiana, has been in effect but a short time. The problems experienced already have suggested that further efforts to secure legislation of this kind should be set aside for the time being.

An encouraging move, however, was taken by the National Association of Insurance Commissioners. The Commissioners adopted a recommendation from the Blanks Committee that the instructions for the life annual statement require the signature of an accredited actuary where an actuary's statement is called for. Efforts are under way to have this recommendation implemented by departmental ruling in New York and in other key states.

At the federal level progress is still tied to the prospect of additional regulatory legislation with respect to pensions and welfare benefits and the possibility of requiring that actuarial certifications thereunder be completed by an accredited actuary.

The actuarial clubs have the pleasant custom of asking the President to attend one of their meetings. I was delighted to be able to accept a

number of these invitations and so to be in a position to observe at first hand many of the clubs in the United States and Canada. I found marked differences in size and in membership composition, depending naturally on the density of the actuarial population in a particular area. What struck me most forcibly was the vitality of the clubs and the degree to which they are, in fact, the centers of professional interest and activity in their localities. A number have established close co-operative relationships with neighboring schools and colleges. All are actively supporting the interests of the Society and are making enormous contributions to the profession as a whole. Several clubs were in the process of examining their organization and procedures, in much the same way as had the Society, to judge whether they were equipped to serve the profession best.

From the outset the Society has never in any way sought to direct or control the actuarial clubs, and this is as it should be. However, in the thought that the clubs might be helped by having a forum in which experiences might be exchanged and common problems discussed, the Seminar for Actuarial Clubs was added to the program for this meeting on an experimental basis. If it proves successful, as we hope it will, similar meetings might be arranged for club representatives from time to time.

Turning to nonactuarial organizations, we find that the Society has long had established relationships with several mathematical associations. For example, we have been working closely with the Mathematical Association of America in connection with our sponsorship of the High School Mathematical Contest. We have also had a liaison representative assigned to the Conference Board of the Mathematical Sciences and to the Committee of Presidents of Statistical Societies. This year we formed a similar relationship with the Operations Research Society of America. This should become an increasingly valuable association, since a growing number of actuaries have become interested in operations research and are active in this organization.

In addition, we now have a Joint Liaison Committee with the Association of Life Insurance Medical Directors. This committee will assume general supervision of the several joint studies now under way and be responsible for the planning of other ventures that we might undertake together in the future. Legitimizing, if you will, our long-standing and fruitful relationship with the physicians should lead to even more productive collaboration in the future. A Society committee is also furnishing technical assistance to the Bureau of the Census in connection with the 1970 Census.

One can think of many other groups with whom we have important interests in common—the accountants, for example. I can see these liaison relationships growing in number in the future as the Society's horizons continue to broaden.

THE OFFICE OF THE SOCIETY

I am pleased at this time to extend a warm welcome on your behalf to our recently appointed Executive Director, Charles Barry H. Watson, who is here today attending his first Society meeting in his new capacity. We are extremely fortunate, indeed, to be able to attract to this job an individual who has Barry's extraordinary qualifications.

Some of you may not recall that Barry's appointment is the fulfillment of a long-standing hope. The architects of our present Society, those who so skillfully engineered the merger in 1949 of the American Institute of Actuaries and the Actuarial Society of America, had, in fact, recommended that the office of the new actuarial organization be placed in the charge of a Fellow. The business of the Society, the duties of the officers, and the work of our numerous committees have multiplied many times over since then.

Our members participate in the affairs of the Society to an extent which is unique among professional organizations. This gives us all much satisfaction. More important, though, is the fact that our broad base of membership involvement is a tremendous source of strength for the Society and, as such, is something we should strive as hard as possible to maintain. Our ability to do so will be greatly enhanced by reason of the additional support for all our activities that will now be forthcoming from the Society's office.

CONCLUSION

Some time ago the Honorable John W. Gardner, formerly Secretary of Health, Education, and Welfare and now head of the Urban Coalition, became intrigued by the question of why organizations, individuals, or societies lose their vitality. What makes some continue to ever greater heights and others falter? His analysis of these questions found its way into a book entitled *Self-Renewal*. Dr. Gardner sets forth a number of rules of behavior for an organization which seeks to remain vital and to grow. How does the Society fare according to these criteria?

Such an organization, Dr. Gardner says, must have a hard-hitting program for recruiting. Our Society does. We have added one hundred and twenty-six new Fellows this year, the largest number ever. We have a most dedicated and imaginative Public Relations Committee, which is

constantly finding new ways to bring the advantages of an actuarial career to the attention of more and more qualified individuals. Furthermore, the helping hand of our new executive director will provide additional strength for our recruiting efforts.

Such an organization must have built-in provision for self-criticism and must have concern for what it is going to be rather than what it has become. Our Society does. We set the Future-Course Committee to work and have adopted all but one of its recommendations. The exception was the committee's proposal to modify the Constitution so as to permit expression of opinion by the Society on matters of public interest. This recommendation fell short of the necessary two-thirds approval, but only by a few votes. So many helpful suggestions were put forth in the course of the extensive discussion of the proposal that I am sure an alternative can be drafted which will find general acceptance. I would, therefore, like to suggest that a broadly representative group be appointed to study this question anew.

Such an organization must have an adequate system of internal communication. Our Society does. This report, together with summaries of the reports made by our committees to the Board, will be sent to all members immediately after this meeting. In addition, the frequent issues of *The Actuary* are available throughout the year for the exchange of all sorts of information.

Such an organization must have motivation and must run on conviction. Our Society does. We believe in its future, in the high integrity of the actuary, and in the contribution we, as actuaries, can make to the society in which we live.

The Society measures up fully on all counts. I submit, therefore, that we move into our twentieth year with confidence, secure in the knowledge that the Society has prepared well for what the future may bring.

Finally, before closing this report, I want to express my deep appreciation for the co-operation of so many of you and your unflinching response to any request for help. My thanks go to my fellow officers and the members of the Board, to the chairmen and members of the Society's committees, and to all who, by authorship of papers, participation in discussion, presence at meetings, or interest in other ways, have done so much to advance the cause of the Society.