

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1968 VOL. 20 PT. 2 NO. 58**

SEMINAR: ACTUARIAL CLUBS

A discussion of Actuarial Clubs, including, among other subjects, the purpose, organization, programs, and membership requirements of the clubs and the desirability of a closer relationship with the Society.

MR. FREDERICK W. KILBOURNE: I am a member of three actuarial clubs—the Actuarial Club of the Pacific States, the Los Angeles Actuarial Club, and the San Francisco Actuarial Club. What I have done is to compare and contrast these clubs in accordance with the program outline for this seminar.

The purpose of the Pacific States Club is stated to be to promote the study and discussion of actuarial and allied phases of life and disability insurance, annuities and pension funds, and to promote social relationship among its members. The purpose of the Los Angeles Club is to promote friendship among its members, to work for the attainment of better knowledge and understanding of insurance, and to develop prospective actuaries. The stated purpose of the San Francisco Club is to give local actuaries increased opportunity to become better acquainted and to promote closer friendships.

The organizations of the three clubs are rather similar. The Pacific States Club has a president, a vice-president, and a secretary-treasurer, plus three committees (executive, program, and membership). The Los Angeles Club has a president and a secretary plus two committees (program and membership). The San Francisco Club has a president, a vice-president, and a secretary, plus two committees (executive and program). All committee memberships are appointive on an annual basis, except that the program committee memberships of the two local clubs are changed more frequently and a seat on the Pacific States Club membership committee is good for four years.

Pacific States Club meetings are held semiannually. The spring meeting lasts two days, except for one day when it is held in conjunction with a Society meeting, at locations which vary from Seattle to San Diego. The two-day fall meeting is always held at Pebble Beach, a location which has been found to be particularly effective in promoting the club's purpose. Los Angeles Club meetings are held quarterly, with luncheon and dinner meetings alternating. San Francisco Club meetings are monthly luncheon meetings, except that there are no summer sessions. The SF and LA clubs customarily have outside speakers; the PS club does not.

Membership requirements vary somewhat. In order to become a mem-

ber of the Pacific States Club, the applicant must be a Fellow or Associate of this Society or a Member of the Academy or have ten years of actuarial experience, must attend a meeting as a guest, and must receive no more than three negative votes on his application. Los Angeles Club requirements are membership in the Pacific States Club or successful completion of three Society examinations or three years of actuarial experience, plus receiving no more than three negative votes on the application. San Francisco Club requirements are membership in the Pacific States Club or in any of the four professional organizations, or two years of actuarial experience, plus approval by the Executive Committee. Roughly, the memberships of the three clubs are two-hundred and fifty in the Pacific States Club, one-hundred and fifty in the Los Angeles Club, and fifty in the San Francisco Club.

I believe that the three actuarial clubs to which I belong perform useful functions and operate very well. The Pacific States Club is a regional club. The emphasis is on discussion of actuarial matters, and discussion there is. Freedom of expression at club meetings is much more in evidence than at Society meetings, with the possible exception of the workshops. Most members participate, and there is no better way to learn. Of course, freedom of expression can only be successful when the moderator is a benevolent dictator who can and will direct the digressors, curb the crackpots, and limit the windbags. The Los Angeles and San Francisco clubs are local clubs. Their usual pattern is to have a speech by someone inside the industry but outside the clubs, followed by a question-and-answer period. The professional value of the meeting depends directly on the speaker and his topic, as well as on the time allowed for participation in the question-and-answer period.

The value of all three clubs in promoting social contacts is considerable. Most actuaries would not know any other actuaries outside their own companies if it were not for the club activities. Even the Society meetings are relatively ineffective in promoting friendships, as they are too large and formal and, for most members for whom attendance is on a seniority or scheduled basis, too infrequent. Social contacts among actuaries have a very beneficial professional effect, for they tend to broaden the viewpoints of a group not particularly noted for the breadth of its viewpoints.

But the three clubs to which I belong are not perfect. They can, and have, been criticized for doing nothing, or next to nothing, to help the actuarial student. I understand that some of the regional, and even local, clubs across the country (and in Canada?) have done a great deal to give their members an unfair advantage over us poor Californians.

The clubs also have done very little in the area of public relations. The Los Angeles Club has been active for some time in an annual Math Field Day held at a local college, but I am not aware of anything that the Pacific States or San Francisco clubs have done along these lines. We heard yesterday of the considerable activity of the Society in the field of public relations. Do the other regional and local clubs work actively to improve the actuary's public image, if any? Indeed, does the actuary have a public image? We may never become a household word, like doctor, lawyer, or Agnew. There are one hundred doctors and one hundred lawyers for each actuary, so we will never be particularly visible to the public. Yet our public image is very important to us and to the insurance industry.

We will never be generally accepted as professionals until the definition of an actuary is solidly established. The definitions of doctor, lawyer, and Indian chief are clear; the definition of actuary is smoggy at best. But the Academy of Actuaries now has taken two important steps in the direction of establishing the definition of an actuary. One is to seek legislation providing for minimum qualification requirements. The other is to work for an increasing number of joint examinations between the Society of Actuaries and the Casualty Actuarial Society. Ultimately, the definition of an actuary should require basic familiarity with all lines of insurance, even though specialization may be common or the rule. The regional and local clubs can provide important support to the Academy and to the Societies by promoting professional and social contact between life and casualty actuaries.

The San Francisco Club provides such support. About 20 per cent of the members work as casualty actuaries, and the programs often deal with fire and casualty topics—broadening the viewpoints of both groups of actuaries in the club. Furthermore, the social contact between life and casualty actuaries in the club is invaluable to both groups. The Los Angeles Club has no casualty actuaries in its membership, and the programs seldom if ever deal with casualty insurance. It is difficult to know how to correct this situation, however, since, to my knowledge, there are only two fellows of the Casualty Actuarial Society living in the entire Los Angeles area. The potential is there, however, for the Pacific States Club, which has about two dozen casualty actuaries living within its domain. This club has traditionally restricted its program to life and pension topics; however, this year there have been several fire and casualty topics on the program. It is to be hoped that this practice will continue and that eventually casualty actuaries will be attracted to the club—if for no other reason than to halt the butchering of their field.

of knowledge. It seems, then, that actuarial clubs fall into three groups—those which are ecumenical, those which cannot be, and those which should be.

Let me make one final point with regard to the desirability of a closer relationship between the clubs and the Society. The clubs should remain autonomous in substance as well as form, the rights of club members who are not Society members should be remembered, and we should avoid creeping paternalism.

MR. LÉON J. MONDOUX: The Actuaries Club of Montreal is a rather young club, its first meeting dating no farther back than 1960.

Human groups cannot be formed unless all the natural elements required are present. In other words, human groups, when created artificially, are not viable. It may be of interest, in the light of this assertion, to try to explain why it took so long for the Montreal Actuaries Club to take form. For a long time a major proportion of the actuaries in the Montreal region were employed by a single large company and were all members of their own intramural club. The other actuaries were not sufficient in numbers to start a club and were probably further prevented from trying for two reasons—the feeling that the large company club would behave as a human group and therefore react to the danger of being assimilated into a larger group, and the lack of basic motivation. The Canadian Association of Actuaries, by its proximity and its activities, satisfied their natural craving for belonging to some local organization.

Then, in the late fifties, the mixture of actuaries in the Montreal region reached the critical temperature. The local companies had grown larger, so that actuaries were no longer as highly concentrated in a single company, the consulting actuaries had become a numerically significant group, and the first generation of French-speaking actuaries had emerged. The latter group, sharing a common language, a roughly common age, and just about the same small-company problems, had a natural tendency to band together, and the need for a local organization began to be felt. This conjuncture had a catalytic effect on the latent desire of many others to congregate in Montreal, and the Montreal Actuaries Club was born.

From a strictly academic point of view, our club has not yet gotten off the ground. As you know, when professional people form an association, they usually have two purposes—a technical one and a human one. If you ask me for what academic purpose the club was formed, my answer is, "Because, that's why!" We get together on a social basis, and, if anyone tries to bring up a technical subject at the meeting, he is met with cold silence—a mute reminder of our unwritten law that papers are not supposed to be discussed at the meetings.

Our latest constitution provides for a president, a president-elect, a past president, and a secretary, the terms of office being two years. After two heated sessions, the current president steamrollered through a resolution calling for a special assessment of one dollar per member to provide funds for special and unexpected expenses. Meetings are hosted by individual companies and by the consultants as a group. We hold four meetings a year, the September one being a golf outing. While it is true that, with perhaps one exception, all our meetings have been strictly social in nature, they nevertheless serve professional ends. Dinner is almost always followed by a lively discussion. Ideas are generally exchanged on such subjects as the educational program of the Society, the possibility of eventually having a set of Canadian exams which could lead to a Canadian actuarial degree, the eventual necessity of licensing actuaries in the various provinces, and the like. There is no denying that the club serves a purpose; otherwise it would not exist. However, this is still in the evolutionary stage, with only a blurred vision of what will be the eventual outcome.

Our problems are the same as those of all associations, keeping in mind that problems loom large or disappear, depending on the aims of the leaders of the time. The main problem is ensuring cohesiveness and making certain that the club answers the needs of the majority of its potential members. Currently we are happy when more than forty out of a possible one hundred and fifteen members turn up at a meeting. We have a few magnificent members who are not magnanimous at all, and their scornful attitude toward the club hinders its progress slightly. On the other hand, we have been fortunate indeed that many of those who have found their way to the top choose to climb down often to lend their prestige and guidance to the club. Thanks to them, there is no lack of leadership in our club.

As we try to pin down what the members expect from the club, I believe we must first be conscious that the membership can be split, roughly, into two main groups, that is to say, the younger actuaries and the older actuaries, remembering that age is often but a state of mind. Strangely enough, I believe that there is no intermediate stage. You just wake up one morning and discover that you are no longer a young actuary. For both groups, we must then analyze what the higher levels of actuarial organization have to offer and determine the void that must be filled at the local level. This analysis leads us to consider the interaction between the Society, the Canadian Institute, and the Montreal Actuaries Club.

It is an accepted fact that one basic purpose of human grouping is ensuring conformity to certain standards of behavior. As the Canadian

actuary matures, he is constantly reminded of his international vocation. Nothing must be done that would "break the ties with the Society of Actuaries." Consider, however, that the Society is, in the eyes of the younger generations, growing more and more remote and difficult to influence. I know that the facts contradict this, but, while our task is to substitute facts for appearances, any psychologist will tell you that, when it comes to group behavior, facts become unimportant and it is on appearances that one must work. In any event, it is my guess that the Canadian Institute and/or the local clubs in Canada will gradually be pressured into acquiring more prestige and more capacity, at least apparent, to bring the center of decisions closer to the ranks.

Up to the present, the Canadian Institute of Actuaries has never really encouraged the presentation of actuarial papers at its meetings. Any paper produced by a Canadian has to meet the high standards of the Society. Such being the case, if the paper qualifies, the author is launched at the Society level. Otherwise, he remains an unknown quantity. There is no doubt in my mind that a gap is being left by the type of meetings that are being held by the C.I.A. At these meetings, no papers or essays are presented. People come prepared to answer a series of pre-set questions, and the meetings generally take the form of a formal exchange of information. Valuable as they undoubtedly are, these meetings do not appear to satisfy the craving of the young for a chance to present or discuss an essay or a paper and to make their mark at a level which is not too exacting. In my eyes, the formation of the Younger Actuaries Club of Toronto was a controlled but determined rebellion against the type of meetings held by the C.I.A. I expect that our meetings in Montreal will veer in the same direction as soon as one or two academic leaders emerge.

There are two more things that I believe should be mentioned in order to bring all my previous remarks into sharper focus. First, there is undeniably a strong nationalist spirit growing from coast to coast in Canada. As the new generations start to invade the establishment, we hear more and more talk about Canadian examinations and a Canadian Fellowship. I am sure that the Canadian Institute will be pressured in this direction. Second, I would bring to your attention the presence of Fellows of the Canadian Institute of Actuaries who will never get beyond Associateship in the Society of Actuaries and will therefore be strongly attracted by the idea of an autonomous C.I.A. I am speaking of the Fellows of the Faculty of Actuaries, the Fellows of the Institute of Actuaries, and the Associates of the Society who were granted fellowship in the C.I.A. when the latter was incorporated.

Before closing, I feel I should say a few words about the older actuaries. Most of them have gradually polished their science into an art, and the transmission and exchange of knowledge at that point can be very smoothly effected under the guise of apparently anodyne conversations. We should therefore not scorn the social aspects of any of our meetings, as I firmly believe that the actuarial alchemist has truly mastered his science only when he can transmit or receive information without resorting to cabalistic language.

MR. WILLIAM T. TOZER: To start, I should give you a rough idea of the organization of the Actuaries Club of Des Moines. At the present time we have sixty-eight members and meet essentially once each month, except during the summer months. At these meetings we ordinarily have over 50 per cent of the club in attendance.

To be a member of the club, a person must be permanently employed in actuarial work, either part time or full time, in the city of Des Moines, and he must be a member of the Academy of Actuaries or have passed one or more exams of the Society of Actuaries or equivalent parts of the examinations of another recognized society of actuaries.

The club ordinarily meets in the evening. We have a buffet dinner which is preceded by a social hour and followed by the meeting. We ordinarily meet the second Wednesday of October, November, December, February, March, and April.

The experience and age of the members of our club cover a wide range. It varies from actuarial students who have passed one exam to three company presidents. Consequently, it is very difficult to find topics of interest to all members. Nevertheless, I think that we have done an excellent job in the past.

For example, in 1967-68 we opened with a talk about variable annuities by the president of American Republic Assurance Company. In November, we had two consulting actuaries talk about small-company problems and the role of the consulting actuary. In December we had Dean Pebbler from the College of Business Administration of Drake University talk to the club about the education of the actuary. In February we were honored with a visit by the president of the Society. In March, a panel of our own members discussed the problem of the education of the actuary. In April, Professor Hickman from the University of Iowa talked to us about operational models and long-range planning.

In the year 1966-67 we also had many interesting topics. For example, we had a meeting discussing policyholder equity and one on the impact of fiscal and monetary policy on life insurance companies. Also that year

Mr. Dale Gustafson discussed the American Life Convention. The following month Insurance Commissioner Timmons discussed federal versus state regulation.

This year we started with an economist from Drake University, discussing how an economist uses mathematical models. Next month we will have a speaker from I.B.M. to discuss operations research. In December an attorney will discuss the regulations for equity products. In February a panel will discuss the Iowa State Employee Retirement Plan. In March we are honored to have our newly elected president. In April three companies will discuss different ways in which a company can enter the mutual fund field.

The club also assists in the administration of the mathematics contest in the state of Iowa. In addition, the club invites the five top winners in Iowa and their teachers to Des Moines. Their visit begins with a luncheon that is followed by a guest speaker. In the afternoon they are the guests of the club at a demonstration at one of the local companies. In the evening the winners, their teachers, and their parents are invited to a banquet, which is followed by a prominent speaker from Iowa. In addition, they are given a prize which they have selected from a group of prizes.

We assist the Society in any way possible; for example, we have promoted the actuarial aptitude test, promoted the math contest, and provided leadership for Society workshops.

I believe that the Des Moines Actuaries Club is filling a very vital need in the Des Moines area. It is giving an opportunity for the actuarial personnel of various companies to meet and exchange ideas and to develop friendships. It is also fulfilling the function of presenting and discussing very interesting topics that many of the younger members would not ordinarily have the opportunity to discuss. We keep our meetings on a very informal basis; I feel that this does encourage extensive participation by the members, especially the younger and less experienced members of the club. This is highly beneficial, I feel.

We have done some experimenting with having noon luncheon meetings rather than evening meetings. We have not come to any conclusion. The luncheon meetings may be more easy to attend; however, we find our time and discussion are more limited.

The club requests very little support from the local companies. Consequently, it must maintain itself on the revenue received from the members. As a result, it attempts to keep the costs of the meals and meeting rooms at a minimum. Any increase in the cost of attending a meeting

will have a profound effect upon the younger members. We feel that it is absolutely necessary to encourage and promote attendance by the younger members of the club.

I personally believe that the actuaries' clubs could be more active and have more of an impact upon the local insurance industry and the local community. However, the main deterrent to a more active club is the lack of time available from the individual club members for club projects. We find that our members are very active in personal activities as well as company activities, which limits very much the amount of time that they can contribute to the club activities. As a result, we have felt that it is better for the club to limit its activities and to do an excellent job in those activities that they do have.

MR. DAVID T. BUNIN: The Middle Atlantic Actuarial Club held its first meeting here in Washington, D.C., over thirty-four years ago. The club has been continuously active since its founding and now has a membership in excess of two hundred. Its territory encompasses the states of Maryland, Virginia, North Carolina, and the District of Columbia. The club meets twice a year, in the spring and the fall, each meeting being one day in length and usually held on Friday at the home office of one of the club companies. Plans are currently in progress to break away from that format for the next spring meeting, which it is hoped will be a two-day session to be held at Williamsburg, Virginia.

Membership in the club is drawn from life and casualty companies, insurance departments, actuarial consulting firms, and federal government agencies. Membership requirements are any of the following: (a) Fellowship or Associateship in the Society of Actuaries or in the Casualty Actuarial Society, (b) successful completion of the first four examinations of the Society of Actuaries, (c) attainment of the title of actuary, associate actuary, or assistant actuary of an insurance company or state insurance department, or (d) attainment of actuarial position of Grade GS-13 (1952 classification) or higher with the federal government and a degree from an accredited institution of higher learning with major in actuarial mathematics.

The meetings are usually very well attended, and the programs generally are of a very high caliber, containing papers and addresses of current interest. Informal discussions and workshops form a large part of the program, at which time members discuss very informally items of practical interest.

At our latest meeting, held in Baltimore less than two weeks ago, the

program included an address by the president of the Society of Actuaries, Wendell Milliman, as well as an address by the insurance commissioner of the state of Maryland. Also on the program was a description by Mr. E. J. Moorhead of his trip to the International Congress of Actuaries in Munich. In addition to these, Mr. Joseph Dowling, of the Wall Street firm of Dean Witter and Company, presented an interesting discussion concerning insurance company stocks and mergers.

It is customary to follow the business meeting with a reception and cocktail party, at which time members are able to renew acquaintances and continue discussing business problems in a more relaxed atmosphere.

MR. JOHN S. MOYSE stated that the Actuaries Club of Indiana, Kentucky, and Ohio met only once a year and that the meetings rotated between the cities of Louisville, Columbus, Indianapolis, Cincinnati, and Fort Wayne, where the majority of the members reside.

MR. ANDREW C. WEBSTER: *The Actuary*, the newsletter of the Society of Actuaries, in the judgment of the present editors has three functions: (1) to be a means of communication between the Board of Governors and the members of the Society; (2) to provide a forum for discussion of all matters affecting the Society and to provide space for articles, book reviews, and the like; and (3) to be a channel of communication between the actuarial clubs and the Society and among the clubs themselves.

The results under item 3 have not been too good, and the editors would like to bring to the clubs some suggestions for improving this performance. We recognize that the clubs are autonomous and that their membership is not necessarily restricted to members of the Society. From the viewpoint of the newsletter this is no disadvantage, because we welcome contributions from nonmembers. Much good material is produced at club meetings, and some of it certainly deserves a wider circulation. Such material need not be restricted to life, health, and pensions. We can sometimes profit by the discussion of other forms of insurance.

Our first suggestion is that each club appoint a reporter who will be responsible for sending material to *The Actuary*. Discussions should be suitably digested where necessary, but any papers submitted should be sent in full. Sometimes club discussions are "off the record," but that is no reason why such discussion, and some of them are valuable, should not be summarized and printed. The anonymity of the individual discussants will be preserved.

At least one club publishes a volume containing the papers submitted and discussed at its meetings. We would like to see such papers before they are published; some of them could be well worth reproducing in *The Actuary*. This could go further. We would encourage the direct submission of papers by any club members to the newsletter.

Our second and simple suggestion is that we have proper advance notice of club meetings if they are to be listed. Proper advance notice means at least two months' notice, and, if the schedule is complete for 1968/69, we should have a copy. The monthly issue of *The Actuary* will contain a list of meetings for the succeeding month.

The activities of the clubs other than meetings are also worth reporting. The recent articles on the recruiting methods of the Nebraska clubs and on the publicity in the *Dallas Chamber of Commerce Journal* are examples of this. The reported action of one club in outside affairs could well stimulate other clubs to favorable outside action.

Our readers will have observed that we try to find books to review which we hope are intellectually interesting even though not strictly within the frame of our day-to-day work. Any such volumes coming to your attention should be referred to the editors for possible review in our columns.

The Actuary, like any other periodical, flourishes on the quality and volume of the material submitted. Actuarial clubs have an increasingly important role to play in Society affairs, and their comments and suggestions on the contents of the newsletter will be as welcome as the reports of their activities.

MR. WILBUR H. ODELL, JR.: Local actuarial clubs are interested in many of the activities which are of interest to the Public Relations Committee of the Society. Therefore, you may be interested in these comments about the purposes and activities of this committee.

The Public Relations Committee is chaired by Charles Rickards. It has twenty-two members and is the largest committee of the Society, aside from the Examination and Education Committee structure. Its function is to give the public a better understanding of the work of the actuary, to promote interest in the actuarial profession among students, and to maintain liaison and co-operation between the Society and other organizations as required.

In carrying out its activities, the committee may work partly—or exclusively—through local actuarial clubs. Very often the work assigned to the committee cannot be done without the assistance of the local clubs.

Local clubs are often the first to bring to the Society's attention ideas for furthering our profession. Some of the activities of the committee follow:

1. Working with National Science Foundation summer institutes.
2. Education and Examination Liaison Subcommittee.
3. High School Math Contest.
4. Tape recording for Behavioral Science Associates.
5. Magazine articles.
6. Preparing printed material concerning our profession.
7. Guiding relations with colleges and universities.

You will be particularly interested in our work with colleges and universities. This has moved forward almost exclusively through club efforts. The subcommittee of the Public Relations Committee, which guides this effort, consists of thirteen people. Some of the people on this subcommittee are not members of the Public Relations Committee. The subcommittee originated in efforts to promote the use of the Actuarial Aptitude Tests by firms employing actuarial students and also by colleges and universities. Over 200 schools are now able to administer the test, which they have given over 1,200 times. From its beginning the subcommittee was the good-will ambassador of our profession to colleges and universities. Working with the clubs and their members, it made periodic visits to the schools. Almost all the schools producing more than five candidates for the May, 1968, examinations have been contacted by people working with the subcommittee. The subcommittee has also been involved in promoting such things as Actuarial Science Days for the schools, assisting the National Science Foundation's pilot project, arranging visits to insurance companies, acquiring actuarial speakers, and so on. To carry out these many activities, a number of clubs have set up committees for relations with colleges and universities, or committees specifically pointed toward promoting the Actuarial Aptitude Tests.

As you can see, the committee is vitally concerned with our public image and with bringing new people into the profession.

By its nature the task of the Public Relations Committee must be done at the grass-roots level. Often, if not the majority of the time, it is the local club which has the closest ties with young people in its area, the high schools, the colleges, and the universities. Especially because of this, the committee would like your reaction to our activities and how you feel we can do a better job for our profession.