

PANEL DISCUSSION

*FROM ACTUARIUS TO ACTUARY: THE GROWTH OF A
DYNAMIC PROFESSION IN CANADA AND
THE UNITED STATES*

[NOTE.—The following, which is a greatly condensed summary of the panel discussion of Mr. Robert B. Mitchell's book, is intended merely to convey some idea of the interesting colloquy which took place.]

CHAIRMAN VICTOR E. HENNINGSEN: Charles Gill, described as the first American actuary, was designated "mathematician" by his employer. Bob, would there have been a better understanding among the public if the holders of such positions had been termed "mathematicians" or possibly "insurance mathematicians," or even "probabilities mathematicians"?

MR. ROBERT B. MITCHELL: When the actuarial profession was taking form some two hundred years ago, "mathematician" would have been a more logical designation than "actuary" or any other term having no connection with mathematics. But "insurance mathematician" would have been too limiting, because even at that time there was a good deal of actuarial work in connection with entailed estates and survivorships, which was clearly outside the insurance business. "Probabilities mathematician" seems too broad; for one thing, it would include bookies. However, I think that in the long run it has turned out to be much better to have a specific name for the person who is skilled in the type of mathematics peculiar to the insurance business.

Many occupational titles today have little to do with their original derivations; for instance, "doctor" meant "teacher" before it had anything to do with treating the sick. "Underwriter," "janitor," "stenographer," and "secretary" have their accepted meanings only because we are familiar with what these people do and are. Very few people are aware of what an actuary is and does mainly because there has been no reason for such awareness. But this public unawareness is being overcome rapidly, and, with public relations and education, I think the process will be accelerated.

CHAIRMAN HENNINGSEN: Bob, after describing the achievements of a few early outstanding actuaries, you studiously avoided mentioning any of the many great actuaries who followed. Why?



President Edward A. Lew opening the panel discussion of *From Actuaribus to Actuary*. Seated, from left to right: Wendell A. Milliman; J. Gordon Beatty; Chairman Victor E. Henningsen; the author, Robert B. Mitchell; Andrew C. Webster; and Henry F. Rood.

MR. MITCHELL: There were several reasons for omitting names of important personalities after a fairly early point. How to draw the line? No matter where this was done, it would have seemed to some readers that we were leaving out certain very deserving people and including some undeserving ones. Another reason was that, if later actuaries had been included, there would have been so many. The book called for laymen readers, to whom the names would have meant very little by themselves, and it would have been very difficult to include enough biographical material about each person in a way that would maintain the reader's interest. So after the point where certain outstanding individuals like Sheppard Homans and David Parks Fackler were named, it seemed wisest to avoid making distinctions.

CHAIRMAN HENNINGSEN: A question for Gordon Beatty. The author mentions the objections of Canadians to the use of “American” in the name of our first Society, which was called The Actuarial Society of America rather than the American Society of Actuaries. When the American Institute of Actuaries was named in 1909, was the word “American” included because of a lack of interest on the part of the Canadians in a second actuarial group?

MR. J. GORDON BEATTY: The Canadians just were not interested at the outset. They leaned quite heavily toward the British Institute of Actuaries in those days when Canada, as a nation, had close connections with Britain. Most of the senior men were members of the British Institute, and students were encouraged to write the Institute examinations almost as much as The Actuarial Society's. Also, two years earlier, in 1907, an actuaries' club had been formed in Toronto which gave the Canadians the forum that the founders of the American Institute were looking for. As time went on, however, they began to get the feeling that perhaps their problems were closer to those of the smaller companies in the American Institute. The Canadians also liked the informal nature of the American Institute meetings. So as time went on, more and more Canadian actuaries gravitated over there, and some of them took more interest in the American Institute than in The Actuarial Society.

CHAIRMAN HENNINGSEN: Gordon, you spoke of the informality of the Institute meetings. Were the meetings of the old Actuarial Society so formal?

MR. BEATTY: Perhaps not, but they were dominated by the actuaries of the big New York companies, who were usually lined up in the front rows—the men whom Bob has left out of the history, beginning with Hunter,

Henderson, Moyer, Hutchinson, Craig, Gore, and Thompson, the giants of the profession in those days. When they had said their piece, that was pretty well all that had to be said. So the young men had very little chance to get on the platform.

CHAIRMAN HENNINGSEN: Henry, your efforts, pointing up the need to bring about the accreditation of the actuary, were a great factor in the founding of the Academy of Actuaries, of which you were the first president. How has the Academy carried out what you originally had in mind?

MR. HENRY F. ROOD: I have been asked often whether the Academy has accomplished the things hoped for. Although I felt that it would not be tactful to express my hopes at the time the Academy was formed, it may not be inappropriate to do so now.

I viewed the Academy as being similar to a university. I hoped that ultimately it would encompass all the existing actuarial organizations but that each would keep its identity as a sort of graduate school within the university. The Academy would grant the undergraduate a degree, and the other societies would specialize in their respective fields.

All actuaries would belong to the Academy, and a part of the dues paid to other associations would be remitted to the Academy. It would be responsible for public relations, professional conduct, accreditation, and perhaps for the Associateship examinations. Annual meetings of the Academy would cover subjects of common interest, and the meetings of the other associations would be held at the same time in the same city—but perhaps in different hotels—much like our concurrent sessions.

I feel that actuaries must have closer association and more unity of purpose if we are to gain the recognition we seek and need. I think that it would be fine if ultimately we had one professional organization for both Canada and the United States and then had our individual accrediting organizations. The other organizations, the professional organizations, would take the various lines in which they are most interested—casualty, fraternal, pensions, or life insurance. Medicine has this sort of thing, with their colleges of surgeons and so forth. I am encouraged that we are making progress.

CHAIRMAN HENNINGSEN: Andy, do you have something you want to add?

MR. ANDREW C. WEBSTER: Having had something to do with accreditation and the Academy, I simply wanted to say that we have often been asked to define an actuary. Mr. Mitchell's definition was a very good

one, I thought. He carefully avoided the Scylla of what I call canard-like definitions alleged to be humorous and the Charybdis of a catalogue of areas in which the actuary applies his skill. Last year in London, however, I acquired two new definitions from Lord Boyd Carpenter's address to the Institute, both of which I think are worth mentioning. The first was by Harold Macmillan, who described an actuary as a man who is dead on time, and the other, which was somewhat more complimentary, from Sir Winston Churchill, who defined the actuary as bringing the magic of the averages to the service of the millions.

MR. ROOD: There are many definitions, of course; Bob stole mine, because I have always said that I am the bookie of the life insurance company—I lay the odds. I do think there is an especial definition that I read some time ago by Henry Jackson, who was one of our great actuaries and also, I might say, had been a professor of English at Yale University.

He wrote a little essay, in which he had Socrates define an actuary; I would like to read that definition:

An actuary is an official in the office of the life insurance company whose business it is to know . . . all details of life insurance theory. Thus he should be something of a mathematician, something of an accountant, much of a scientist and a good deal of a businessman. Life insurance law should be one of his studies and all the intricacies of political economy another. Investments in theory and practice should be his table companions and medical lore and inspection service pertinent to the selection of risks, his bedfellows. He should be able to venture an opinion on the trend of interest rates, the inheritance of longevity, the constitutionality of the statute covering income taxes, the hazard involved in aeroplane flights and the effects of the climate of Venezuela on American settlers. If in addition to these qualifications he is as eloquent as Demosthenes, as inventive as Edison and as ratiocinative as Sherlock Holmes, so much the better.

CHAIRMAN HENNINGSEN: Wendell, was it a shortcoming of the Society of Actuaries that brought about the founding of the Conference of Actuaries in Public Practice?

MR. WENDELL A. MILLIMAN: Could the Society have avoided the necessity for the creation of the Conference if it had addressed itself more effectively to the problems of consulting actuaries? Frankly, I doubt whether that would have been feasible, for several reasons. First, at that time, such a small proportion of the members of the Society, or, I should say, of The Actuarial Society of America and the American Institute of Actuaries, were consulting actuaries that it was almost unavoidable that the interest of consulting actuaries would be inadequately represented in the governing body of the Society of Actuaries. Second, a very sub-

stantial proportion of the people who were practicing consulting actuaries at that time were not members of either of the two bodies which were consolidated to form the Society of Actuaries. Then, only about 7 per cent of the membership were in the consulting field. We are now up to the point where about 25 per cent of the membership are in the consulting field, and the percentage seems to be growing steadily. The situation has changed materially. So I am very much encouraged to feel that the time is ripe to do now what I think would have been impractical at the time of the organization of the Society.

CHAIRMAN HENNINGSEN: Andy, the author states, "Sheppard Homans also found that the mortality experience varied greatly by type of policy." Has this been true of recent experience?

MR. WEBSTER: The question of mortality on term relative to that on permanent insurance has become more significant in recent years because of the increase in term volume. Previously, it was recognized that term insurance gave a slightly heavier mortality than did ordinary life, and endowment insurance a somewhat better mortality. With the increase in term sales, I am not sure that the term mortality is going to stay at the same upper level. On the other hand, there is an underwriting axiom that I have been preaching for years: if you give the public a chance to select against you, they will undoubtedly take advantage of it. On the same point, Reinie Hohaus said to me only the other day, "Never let the perfume of the premium obscure the stink of the risk."

On the more positive side, I would like to emphasize that consistently over the years the actuarial bodies on this continent have made a point of investigating mortality and morbidity to a much greater extent than has any other actuarial body.

I would also like to mention another subject. To the best of my knowledge, the actuaries of North America are the only ones who ever investigated their own mortality. This was done back in 1938 and showed, as some of you might guess, that they have a death rate much lower than the average. Henry Jackson, who was quoted earlier, commented upon the result as follows: "Obviously, the explanation of the low mortality must be sought in the peculiarly high intelligence requisite to obtain Fellowship in so august a body. This intelligence permits actuaries to pursue unlimited labors and still to maintain, through sheer efficiency and brain power, a standard of physical well-being, highly enviable in comparison with that of the population at large or of the insurance population of the nation."

CHAIRMAN HENNINGSEN: I think we will adjourn on that high plane. My thanks to the audience, and thank you, fellow panel members.