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SERVING YOUR SPECIAL INTERESTS

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The Board of Governors has authorized the Task Force on Special Interests to develop procedures to implement Sections of special interest while maintaining the current broad and flexible character of the Society of Actuaries. This session will tell you about the concept of Sections and give you an opportunity to discuss your ideas with the Task Force.

The panel will address the following questions:

1. Why might Sections be needed?
2. How would Sections work?
3. What would a Section do?
4. How would a member form a Section?
5. What if a member is not interested in a Section?

MR. WALTER S. RUGLAND: Overview of Special Interest Sections

Our purpose today is to discuss the concept of Special Interest Sections for the Society of Actuaries. In this discussion, we will present the idea of Sections and expose you to our idea of what the structure of Sections would be. We will also discuss a draft of Section "bylaws" (not to be confused with Society of Actuaries Bylaws), as an example of how Sections would be organized. Finally, we will present examples of how a Section could function.

The Task Force on Special Interests was formed to determine 1) what members could do to enhance their continuing professional development and competence and 2) what members could expect from Society programs, publications, research and services in the professional development area.

With these purposes in mind, the Task Force developed the concept of Sections to bring together actuaries with common functional interests. This concept has been discussed during the past several months with many other Society members. For example, the Continuing Education Committee General Chairman and various Chairmen of the Continuing Education Committees have studied the Sections concept as it relates to their particular committee functions. In addition, the Program Committee Chairman has also participated in Task Force discussions.

How does the concept of Sections work? Let me give you an example of how I think it functions. First, organizationally the key word in the Sections concept is "bottom-up," or "coming from members' interest." The Task Force believes that Society members with special interests should have opportunities to discuss those interests at the Section level and to contribute to

professional development through meetings, seminars, projects, etc. However, to avoid polarizing the general Society membership or creating chaotic situations, the Task Force feels this "bottom-up" effort should be governed.

Governance, then, is another consideration in the Sections concept. A detailed explanation of governance was published in an article by Robin Leckie in the March 1980 issue of The Actuary. The notion of governance suggests that a Section may either evolve from an existing activity or may be created if enough members decide to organize one.

Some additional thoughts of the Task Force about how a Section might function and operate center on the following areas: 1. Sections would operate under a specific set of rules, but ways must be developed to handle exceptions to the rules. 2. Each Section would be responsible to the total Society membership through annual reports. 3. Sections would be coordinated with other Sections and the Society. 4. Each Section would be self-supporting. 5. Sections would be concerned with the education process in their area of interest. 6. Society staff would serve Sections and coordinate Section activities.

To guide Sections in their operation, the Society Board of Governors will develop a one- or two-page list of rules dealing with these particular issues. This list of rules would include a provision for each Section to develop its own book of rules, or its "bylaws." Section bylaws would specify the Section name and establish its purpose, membership qualifications, governing body, scope of activity, public expressions of opinions, officers' duties, and finances. Even though each Section would have individual bylaws, all Section bylaws, for the most part, would say the same thing. The bylaws might differ, however, in such areas as Section name, purpose, and scope. Basically, the rest of the bylaws' provisions for Sections would be constant.

To clarify what Section bylaws might include, I will briefly discuss five specific areas which the Task Force has suggested: purpose, governance, membership, scope, and public expression of opinion. Examples of these follow.

The Task Force has drafted a segment of Section bylaws addressing purpose: "The purpose of a Section within the Society shall be to encourage and facilitate the professional development of its members through activities such as meetings, seminars, and the generation and dissemination of literature which are responsive to (name your specialty) within the actuarial profession."

The bylaws should also include a section on governance. The Task Force recommends that each Section should have a ten-member Council which would be responsible for developing and coordinating Section programs and activities. Nine Council members would be elected. These nine would, in turn, appoint an editor as the tenth member. Section officers, including a chairman, vice-chairman, and secretary, would be elected from the Council for one-year terms. Each year Section members would elect three new members to serve on the Section Council for three-year terms.

To manage Council elections, the Task Force has suggested that each Section should have a Committee on Elections. Voting would be by mail ballot, and the Society would generate rules instructing how that voting would be accomplished. These rules would be constant for all Sections. The Task Force also has suggested that the Section Council have authority to appoint special committees for the Section and assign those committees projects in areas of membership interest.

A third rule of the bylaws would address Section membership. The Task Force suggests that any Society member can be a member of any Section.

Scope of activities is the fourth area bylaws would cover. Along these lines a Section's function would be to initiate, organize, sponsor, or direct seminars, research and literature. Since coordination of these activities would be required to avoid polarization among the total Society membership, the Section would work with the Society's Program Committee, the publications structure, and all other necessary areas. The Section would not operate independently but rather would function within the Society structure, serving Section members' interests according to Section bylaws.

The last portion of the bylaws, and perhaps the most difficult to discuss, is public expression of opinion. The Task Force has proposed a draft on this topic, subject to Board approval: "A Section may make an expression of opinion in a manner prescribed by the Society for its committees in Article X of the Constitution of the Society, and such an expression shall require the approval of an affirmative vote of two-thirds of the Section members who vote in a mail ballot, and the ballot shall not be deemed to authorize expression of opinion unless votes are received from a majority of all Section members. Public expression, if any, shall indicate the result of this vote and shall state any substantial contrary opinion expressed by responding to the ballot. Section committees shall not be authorized or permitted to make expressions of opinion on issues of public interest."

The proposed draft states that a Section committee is not like a Society committee. In other words, if a Section committee thinks the Section should make a statement of public interest, a majority of the Section must first support it. Then the Section must follow normal Society channels to pursue that particular activity.

To put all this in perspective, let's see how the Society of Actuaries is presently organized.

The Society consists of several levels, all of which create actions. The first level consists of standing committees. Ideas are funneled into these committees and then discussed. Sometimes these standing committees will act on the ideas, often using Society staff (another level) as a screening tool. A third level within the Society consists of special committees which are usually appointed by the Board of Governors to wrestle with special problems. Board committees form a fourth level and consist of current Board of Governors members. Like special committees, Board committees are also established to deal with a particular problem. The Executive Committee is another layer acting as a screening and planning committee, with direct access to the Board of Governors. Ultimately ideas reach the level

of Board of Governors deliberations, with some action occurring. Such action usually affects all Society members and involves the areas of research, education, administration, examinations, meetings, or literature.

How does the concept of Special Interest Sections fit into the present Society structure? Sections add another dimension to the traditional structure by creating opportunity for other actions to be taken by the Society. For example, special interest groups can contribute in the areas of research, education, meetings and literature through Sections. Sections can also contribute to standing committees, with ideas then flowing through the more traditional channels.

In summary, Special Interest Sections can complement or supplement our existing process. They can also give groups outside the traditional structure an opportunity to participate more fully in the Society of Actuaries.

MRS. DAPHNE D. BARTLETT: Future Scenario of Special Interest Section

The time is 1985. I work for a small pension consulting firm with four enrolled actuaries; two Fellows of the Society; two Associates of the Society who are also ASPA members; and one actuarial student. I'm a member of the Pension Section of the Society. This is a very large Section, with over 600 members. We've had some problems, but all in all I feel that having this Section has really been helpful to me.

Before the Section was started, I felt very neglected by the Society. I would receive meeting notices, flip through them, and only find a handful of sessions which interested me. Generally, the meeting panelists were representatives of large insurance companies or consulting firms. I did not find this particularly helpful because the panelists would either talk about plans I was not interested in or about procedures that I had already decided were obsolete. So, I stopped going to Society meetings.

I also felt neglected by the Society's Board of Governors. I rarely knew anyone who ran for office. Since most of the Board members did not have any pension experience like mine, I often wondered how they could possibly even know about issues I was worried about. A few times, I wrote the Board asking if a project of special interest to me could be studied. Not much developed from my requests, except that I did receive a polite letter from the Board indicating that my project would be included in a list of other projects.

Then the Society started the Pension Section. Initially I was not too excited, because the same people who were usually panelists at meetings were also involved in the Section. However, I thought I would give it a try.

The Section had a one-day meeting right after the Annual Meeting in 1981. The program was similar to previous ones I had attended, but there was a difference! Several other actuaries in situations similar to mine were attending. We managed to have a stimulating discussion on the issues. I never had the courage to do that before because I did not know if anyone else in the audience would agree with me.

The following spring I was asked to moderate a concurrent session. The program for this meeting was sponsored entirely by three Sections. Our

Section, which was quite large, had two concurrent sessions and one workshop in almost every time slot. The other Sections -- Futurism and Individual Health -- also had sessions in the program in most of the time slots. Since I am also interested in futurism, I attended one of those sessions as well.

My session was quite successful. Because we could assume that our audience was fairly sophisticated, we did not need to include basics in our presentations. I felt that we not only educated our audience, but also developed some new ideas from its discussion. People seemed to be more willing to talk in a room with a smaller crowd present.

After I became involved in the Section by moderating this concurrent session, I was asked to participate in other projects. One of the most interesting things I was involved in was as a member of a Section Committee. This Committee studied the effects of inflation and improved mortality on pension plans. I had an opportunity to meet other pension actuaries, and sometimes I was even able to persuade them to change their approach to things. It is very satisfying to see your ideas and suggestions translated into recommendations and policy.

By the way, this Committee was set up by our Section Council. The Section membership was solicited for project ideas. Because this one was considered to be most urgent, the Council of Section Chairmen gave its approval to set up the Committee. I wonder if we could have done that project under the old system?

The Council of our Section has ten members because we are one of the larger Sections. Some other Sections have smaller Councils. Each year we hold a democratic election to select three Council members, who hold office for three years. We also have an appointed Editor to handle our publications. After the election the Council meets to decide who will serve as Section Chairman, Vice-Chairman, and Secretary. (The Non-Participating Life Insurance Section is much bigger than ours, and it has two Vice-Chairmen to divide the workload.)

One advantage to Sections is that Society officers may not serve on the Section Council while they are on the Board. After our first election, the Council consisted of new faces with new ideas, resulting in "new blood" being introduced into the Society's "establishment." In fact, the individual who was our Section Chairman last year is running for the Board of Governors this year. It is nice to see someone I know running for office!

Associates (ASA's) in my office are also enthusiastic about Sections. Several of them are Enrolled Actuaries, and they were seriously considering discontinuing their exams. As full voting members of the Section, they are becoming more involved in the Society too. Our actuarial student is hoping to run for the Section Council in a few years, when she gets her Associateship.

Let me tell you about a few of the other Section activities. We have our own publication, called PARCH, which is put together twice a year by our Editor. He also handles special projects, such as our recent Pension Symposium, which addressed pension problems of the 1990's.

Even though I am very involved in the Pension Section, I am also a member of the Futurism Section because of my deep interest in that subject. On occasion I have also attended seminars put on by the Individual Health Section, because I am planning to enlarge my practice to do some work in that area. By the way, I found out about these programs through an announcement in The Actuary. All Sections are required to inform the general Society membership of their activities.

I did mention that the Pension Section had some problems, and it is only fair to tell you about those as well. For one thing, we may be too big. Just as I was unhappy with "the establishment" in the Society when I was not involved, I am beginning to think that some of our Section members now feel that way about me! Suggestions to split up the Section into two or three subgroups have been made. If this happens, we must make sure that the "turf" is properly divided. It would be silly to have two Sections with overlapping areas of interest. However, to avoid such problems, there is an overseeing body called the Council of Section Chairmen. This group consists of the Chairmen of all the Sections, and they work closely with one Vice-President of the Society. Their major function is to ensure that overlapping of functions or duplication of effort is avoided.

Our other problem is financing. So far we have not charged any dues for Section membership. But because everyone is so enthusiastic and wants so many more services, we may have to institute a small extra charge. However, from my personal point of view, it will be worthwhile.

My membership in the Pension Section means I am now involved in my profession. I have learned a great deal and have been able to contribute. The Society is not only "the place I went to get my FSA." It also has become a continuing source of satisfaction to me.

MR. WILFRED A. KRAEGEL: Futurism as a Special Interest Section

I am the green member of this panel on Special Interest Sections. Until I was asked to participate in this panel, my exposure to the idea probably was similar to yours -- very little. My role, then, is to serve as a novice with the perspective of having a current responsibility which is relevant to the special interest idea. I will explore some of the specifics involved to establish a special interest section, using the Committee on Futurism as an illustration.

Current Activities of Committee on Futurism

To help us understand what would be involved in transforming the Committee on Futurism into a special interest section, let's spend a few minutes reviewing what the Committee does now. As defined in the 1980 Year Book, "This Committee's function is to acquaint actuaries with the activity which has become known as "futurism" and to stimulate them to recognize it in their current decisions. In order to do this, the Committee will study changes which are of interest to actuaries speculating about their future effects and interpreting their interrelated significance to the profession and its varied activities."

The Committee attempts to fulfill its charge by carrying out several kinds of activity:

1. To provide some type of program for each of the four regular meetings of the Society during the year. During the current year, the Committee provided keynote speakers for the Bal Harbour meeting (October 1979) and the Hartford Meeting (April 1980). It also held concurrent sessions for the 1980 Spring meetings in Minneapolis and San Diego.
2. To help other groups in the Society (e.g. Continuing Education) incorporate the future into their programs. The Committee worked in that capacity for the specialty topic Hartford Spring Meeting (April 1980) and the Mortality Symposium (March 1980).
3. To help the Education and Examination Committee give proper weight to the future. The Committee on Futurism provided assistance for the current syllabus revision.
4. To provide materials or speakers for local actuarial club programs.
5. To encourage futuristic additions to the actuarial literature. This has happened naturally and extensively in The Record and, to a small degree, in The Actuary and The Transactions.
6. To provide bibliographies of papers, articles, and books about the future which may be especially useful to actuaries. The Committee is presently preparing a fairly complete bibliography of such materials in the actuarial literature and a selected list of outside reading.
7. To conduct surveys from time-to-time. The Committee arranged a survey in late 1979 about interest and involvement in futurism. The results were published in The Record and The Actuary.
8. To accumulate, interpret and disseminate relevant future-oriented information in any other possible and useful way, via current publications, special reports, seminars, etc.

Why a Section for Futurism?

The Special Interest Task Force members have told you about the benefits and concerns which have been brought to their attention. Now I would like to share some of the advantages and problems which I think the Committee on Futurism could face as it is transformed into a Section.

Theoretically, the Section would not do much more than the Committee is already doing. The activities previously listed seem to be reasonably comprehensive and could be expanded. The real question is: Could a Section do the job better than the Committee?

Here are some of the advantages of a Section:

1. The list of activities is long, and a Futurism Section could have a large untapped reservoir of talent in this area to meet the need more completely.
2. With many more people involved, fitting the supplier to the need could be done much more effectively.

3. The quantity of accomplishment could be so much greater that the result would be qualitatively different also.
4. More actuaries would experience growth as individual professionals.
5. More actuaries would have the pleasure of professional participants.
6. With more actuaries participating in some aspect of futurism, the actuary's traditional rapport with the future might be broadly reestablished.
7. The quality of actuarial work in general would be enhanced because more actuaries would enlarge the time dimension in their decision processes to include the future.

That is a highly optimistic view, and it assumes a very successful effort within the Section over time. The important point is that the potential for those results to occur would be greater with a Section than with a Committee.

How Would a Section on Futurism be Organized?

As noted by the preceding speakers, the Bylaws specify certain organizational structures and procedures which need to be met. Presumably these standards would require what is necessary to ensure a consistent and orderly approach, with enough controls to provide high quality results.

The mechanics to establish the Section will not be discussed, but I will discuss something which may help you understand part of the process. First, the survey about futurism which the Committee conducted last fall would be very useful. We received 1,011 responses to the survey, and 40 percent had a strong or substantial interest in futurism. In addition, almost all thought the subject of futurism was either very relevant or moderately relevant, indicating significant interest among Society members. In fact, close to 100 of the respondents have had some involvement with futurism, such as reading, speaking, writing, attending meetings or belonging to related organizations.

Second, the subject of futurism is expanding rapidly as being highly relevant to the actuarial profession. Our profession itself is changing in response to the dynamic socioeconomic-political milieu in which we exist, and futurism provides an important input to our professional process of change. The organization of a Section on Futurism, then, must itself be dynamic to adapt to rapid change in that milieu and to suggest directions for the Society to consider.

Third, the organization of the Section would strive to achieve a balance among the many facets of futurism. We would deal with facts as well as values, attitudes, and opinions. We would recognize the diversity of realities among Society members as well as those of the general population. We would deal with the interrelationships of process (e.g. forecasting techniques); form (e.g. sources and reliability of information); content (e.g. the future of the family); and implications (e.g. the impact of two-income families on the need for life insurance and the types of plans to be offered). Further, we would recognize not only the directly relevant

factors, but also the indirect but highly relevant issues dealing with population, food, energy, water, resources, pollution and political systems. All of these can have a profound impact on the world in which we function.

What Problems Might be Encountered?

The first problem which would be encountered involves obtaining the desired balance in a field as broad as futurism. So much is important and relevant in this area and the Committee would be severely limited in its ability to cover the field. The solution would include carefully considering topics to direct our efforts toward and to reflect the section members' desires and interests.

A second problem relates to the proper division of responsibility. Since the subject is so broad, there are facets which are close to the special interests of other professional groups in the industry. Certainly there would be enough for every group to pursue, but overlap could develop in the more popular topics if no coordination existed. Communicating with those other groups and building on each other's contributions would be one solution. For example, the American Council of Life Insurance's Trend Analysis Program (TAP) is a rich resource to utilize but not duplicate.

Third, the Section on Futurism would suffer the problems of all professional groups, particularly with its members having the time needed to ensure useful and adequate results. People interested in futurism often have broad interests and involvements in many other activities. The very nature of the Section implies a much higher level of activity than that of the Committee; and, although there would be more people available to participate in that activity, the requirement for organization, planning, and coordination also would be greater.

Conclusion

Futurism is a fascinating subject and a field wide open for actuaries. It is vital to us as individuals, as professionals, as members of organizations, and as citizens. If the Society incorporates special interest sections, a futurism section could accomplish much toward individual growth and enhancement of the actuarial profession.

