

# RECORD OF SOCIETY OF ACTUARIES 982 VOL. 8 NO. 4

## FUTURISM SECTION KICK OFF MEETING

*Moderator: ROBERT D. SHAPIRO. Panelists: DONALD R. ANDERSON, A. ANTHONY AUTIN, JR., ANN S. MC LAUGHLIN\**

1. Election Results
  - a. Council members 1982-1983
  - b. Initial Council duties
  - c. Future election process
2. Review of World Future Society's Fourth General Assembly...theme "Communication of the Future"
3. The Role of the Futurism Section
4. The Futurism Section: 1982-1983 plans
5. The Next Step

MR. ROBERT D. SHAPIRO: Welcome to the kick-off meeting of our new Futurism Section. The objectives of today's session are:

1. To briefly describe the mission of the Futurism Section as presently defined in our by-laws, and to provide you with the results of the recent Futurism Section Council elections;
2. To describe some of the implications for actuaries and the actuarial profession gleaned from the recent Fourth General Assembly of the World Future Society, held in Washington, D.C. this summer; and
3. To refine the mission of the Futurism Section, as well as begin to establish some of the Section's 1982-1983 activities.

Our first speaker will be Mr. Donald A. Anderson, a consulting actuary. Don was recently chairman of the Futurism Committee, the forerunner of the new Futurism Section. Don will discuss the evolution of futurism and the Futurism Committee within the Society of Actuaries, as well as provide insights into the importance of futurism to the life of the consulting actuary.

Our second speaker will be Ms. Ann S. McLaughlin, who is the Director of Communication Research - Public Issues Division of a large mutual life insurance company. Ann will describe the format of the World Future Society's Fourth General Assembly, as well as discuss actuarial implications of discussions that were presented at the World Future Society meeting.

\*Ms. McLaughlin, not a member of the Society, is Director of Communications Research - Public Issues Division of the John Hancock Mutual Life Insurance Company.

Our final speaker will be Mr. Tony Autin, who is in charge of pricing and risk appraisal for the U.S. operations of a large mutual life insurance company. Tony has been very active within the Futurism Committee, and will present his ideas regarding the role of the new Futurism Section. Tony is the chairman of the new Futurism Section Council.

The purpose of the Futurism Section, as described in the Section By-Laws, is: "...to encourage and to facilitate the professional development of its members in the field of futurism through activities such as meetings, seminars, research studies and the generation and dissemination of literature." It is the panel's hope that today's give-and-take discussion will put some meat on the skeleton of this preliminary Section mission.

Finally, it is my pleasure to announce the names of the officers of the new Futurism Section. They are:

Chairman:	A. Anthony Autin
Treasurer:	Jeanne M. Stamant
Secretary:	David S. Williams
Other Council	
Members:	Donald R. Anderson
	Roy R. Anderson
	John M. Bragg
	David R. Carpenter
	A. Haeworth Robertson
	Anna Maria Rappaport

Mr. Donald R. Anderson will now lead off our panel discussion. As Don, Ann and Tony make their presentations, reflect on what the Futurism Section can or should be doing for Section members in the coming year, as well as what each of us can do to assist the Futurism Section in carrying out its activities.

MR. DONALD R. ANDERSON:

"Now, entertain conjecture of a time..."

Chorus, Henry V  
Act IV, Scene I  
Wm. Shakespeare

### CONJECTURE

That phrase began a thoughtful commentary uttered by Chorus, the narrator, on the eve of the Battle of Agincourt in Shakespeare's Henry the Fifth. And I think it has a lot to do with what we in the Futurism Section will be doing.

Webster's Dictionary defines conjecture as meaning: "to infer by means of surmise; to form opinions on grounds confessedly insufficient to certain conclusion." It must be clear to all of us that to form opinions as to the future, we must base our judgements on confessedly insufficient data.

Chorus asks us to entertain conjecture of a time, and he urges us to work on our imaginary forces, to allow our imagination to jump o'er times. I think his inspiration is useful to us now in our present context as we entertain conjecture of future times.

In inaugurating this special interest Section on futurism, we now are embarking on a major new direction of the actuarial profession. This is a good time to take stock of where we are and what we are planning to do.

I put it to you that the primary purpose of this new Section is to create a force that will transform the actuarial profession. I think we will be transformed from being people that base their perspectives on the experience of the past to those who entertain, in the present, conjecture of the future time, as well as conjecture of the past time, and conjecture of the present.

#### ACTUARIAL MIND-SET

Actuaries have a habit of looking too much to the past as their basic guide to the future. All our mortality tables are based on deaths and exposures over a period in the past, and yet they are used to forecast the future.

I think that if you wish to deal with the future, you must contemplate the future, and you must entertain conjecture.

Another habit actuaries have is that when they try to deal with the future, they, being mathematically trained, tend to use mathematical models and scientific methods. The most effective and reliable work that is being done on the future today turns out to be work that shuns science and mathematics and uses intuition instead.

#### WHY FUTURISM

Before agreeing to become involved in futurism, perhaps we should ask whether we really need to go that route. What has futurism to do with actuaries anyway?

The fact is that actuaries are professional futurists, and have been professional futurists for a very long time--long before the word futurist was ever invented. The survivorship table is a model of the future, since it says that so many people will die each year in the future out of an original group.

As a further example, when an actuary signs a statement certifying a certain premium rate for an insurance policy or a certain rate of contribution to a pension plan, he is making a statement as to the future.

That being so, the issue is whether we are very good at the work for which we charge people. That is a very serious question that strikes at the very roots of our profession. My concern is that too few of us are very good at being professional futurists. We have too frequently failed to recognize the importance of some of the skills and methods used by some of the best futurists. And we sometimes make too many excuses in advance for failures of forecasting due to events that "nobody could have foreseen."

#### LISTEN TO NOBODY

The trouble is that too much of the really significant events that affect our economic destinies are related to factors that "nobody" could have foreseen.

Well, if nobody can foresee certain factors, then why not seek out some of these nobodies and ask them what they foresee, learn how they foresee and learn to become skilled as they are! It often happens that the nobodies can see a lot more than the somebodies.

### THE KAHUNAS

One group that many of you might call nobodies are the Kahunas of Hawaii. Very few people have ever heard of them. Even fewer have met one. I am not even sure that any of them are still alive, so that is about as close as you can get to being nobodies, at least as some people think.

According to a fascinating book called Kahuna Magic by Brad Steiger, the Kahunas were very good at seeing future events, including future mass events. And they could tell you how to alter future mass events. But by North American standards they were priests of a primitive religion, so they are by definition extremely suspect. Shall I tell you about them anyway?

They believed that man has three souls. The first is a lower self, or the subconscious self - a childlike, unreasoning personality that maintains a memory bank of everything we have done. Second, there is a middle self, or conscious self, that has the capacity to reason but has very little capacity to remember. Then there is also a higher self, or superconscious self, that has great psychic powers and communicates readily with the higher selves of all other people by telepathy.

The Kahunas taught that the middle self cannot directly communicate with this powerful higher self but the lower self can. So to them, the process of using your powers is one of sending a message to your lower self, so that it can send the message on to your higher self.

The Kahunas believed that there was only one form of sin - and that consisted of hurting someone. No hurt, no sin. They could not identify with the Christian notion of sins against God. God was so great and powerful, so how could a mere individual hurt God? If you hurt someone physically or hurt his feelings, your lower self would feel guilty and ashamed.

So to the Kahunas, the internal processes between the three souls in man could be blocked and be made ineffective by fear, or guilt, which would typically arise if you had harmed someone. So they taught that you had to get rid of fear and guilt, and do something to atone for the harm you had caused.

The Kahunas also believed that the internal processes between the three souls of a man would also fail if he sent negative, confused or contradictory messages such as "Get me over my sickness", because this concentrated on what he did not want, namely his sickness, rather than on what he did want, namely health, strength and joy.

In his book, Brad Steiger expressed the belief that the Kahunas' methods can be used by all of us, and that we should learn them. And maybe we should, because they might help us to better discharge the enormous responsibilities we have towards the institutions that shape our society.

OTHER SOURCES OF INSIGHT

The beliefs of the Kahunas are only one example of belief systems that contrast with our scientific ways. In the same vein, I think we should be familiar with the enormously interesting forecasts of the great American psychic Edgar Cayce, who died in 1945. He foresaw great cataclysmic upheavals in the earth's geology. He was extremely accurate in his diagnosis of diseases in individuals he had never even met, so one must wonder whether some of his other insights are valid too.

You might wish to delve into the delightful insights in the writings of Jane Roberts, who writes in Elmira, N.Y. Her book The Individual and the Nature of Mass Events, published last year by Prentice-Hall, deals with the mass attitudes that exist within society and which have a powerful role in influencing the great events that condition our world.

The stunning forecasts of Ruth Montgomery in her recent book Strangers Among Us also make interesting reading. If what she is saying is true, a lot of what we are doing will be irrelevant. I will spare you the details for now, but I urge you to note what I am saying and do your own research.

Psychic studies have recently come of age and can no longer be waved aside. Serious scientists have demonstrated that telepathy, clairvoyance precognition, automatic writing, and out-of-body experiences are valid, and have fairly well established what happens to us at the moment of death. They have developed scientific analysis of the patterns of past lives, as explored under hypnosis, and they have photographed and weighed the human aura. Many still scoff, but I do not, and I invite you to examine the evidence with open mind.

I think you will find some of it relevant to your life and your work, and to the perspectives of the actuarial profession.

IMPLICATIONS FOR ACTUARIES

If you delve into some of the areas that I have explored you will come to question the meaning of the term "risk" which is so central to our profession. You might also come to wonder what we mean when we say that certain things cause other things. You may also come to realize that the potentials of our culture are limited by unconscious, transparent beliefs, and by beliefs that are so charged with emotion that they can hardly be discussed publicly. You may come to see that other cultures, which do not share these limiting beliefs, achieve things that we cannot easily do.

FUTURISM AND THE CONSULTING ACTUARY

Turning now to the special responsibilities of the consulting actuaries, I would like to discuss the role of futurism in pension and employee benefit consulting. In this area it is important to be aware how difficult it is to cancel or reduce in any way the benefits of a pension plan or group insurance program. Negative employee reaction would usually be of such proportions that the savings resulting from the reduction in benefits would be minor compared with the costs of the illwill generated.

So a benefit plan improvement is not simply a decision for this year, but for many years into the future. Do we ever stop to consider whether the

improvement will cause difficulty five or ten years into the future? Do we tacitly assume that the future will be very similar to the present simply because we do not know of scenarios of the future that could be considered?

#### TAP SCENARIOS

I believe that the consulting actuary should consider a number of alternative scenarios of the future, decide which scenarios could cause difficulty, and determine how such difficulty could be avoided. These scenarios can be developed from the work of futurists. In TAP 20, The Uncertain Future the Trend Analysis Program (TAP) of the American Council of Life Insurance has recently published a number of scenarios that might prove useful to the consulting actuary.

In this study, two opposing views are discussed: one, a future of scarcity, and the other, a future of abundance. Noting the conflicts of these positions, the study goes on to outline six scenarios that seem possible in this uncertain world. They are:

1. A future of distributional pressures, protectionism and potential conflict
2. A future of increased global instability
3. A future as a managed society
4. A future with a new world view
5. A future of evangelism, and
6. A future of "friendly fascism"

Each of these outcomes will have an effect on the attitudes and expectations of the public, and each will have differing economic impact. Some will favor the fortunes of certain institutions, and some will bring an end to others.

The consulting actuary realizes that employee benefit programs evolve in response to a great number of social, economic and governmental forces. By being able to discuss the impact of varying scenarios on the benefit plans, the actuary can warn his client of certain hazards whose harmful effect may be minimized if precautionary measures are taken when plans are being amended.

I, for one, do not wish to have to answer to the chief executive officer of one of my client firms, who finds that the employee benefit plans are costing too much, or providing benefits which are redundant, and angrily asks, five or ten years from now:

How did we get in the mess we are in? Who was advising us? How did that firm, who claim to be experts, and who charge high fees for their advice, fail to warn us that this outcome was possible, when many leading authorities were publicly raising their voices on this subject at the very time that our actuaries were making their recommendations? Why were the actuaries not aware of what the futurists were saying? Why did they not suggest alternate courses

that would have met the needs of the time, but left us more room to maneuver later on?

I think that a section on futurism should be a routine part of a consulting actuary's report, and it should warn the client of dangers that might evolve out of his recommendations under certain scenarios.

#### THE FUTURISM SECTION

The Futurism Section which we are inaugurating today has its roots in the Committee on Futurism, which was formed six years ago under the chairmanship of Mr. Roy Anderson. Subsequently the chairmanship was assumed by Mr. Wil Kraegel and then by me.

At that time there was a growing feeling that the Committee should be expanded into a special interest section, so that it could include any number of interested members instead of the rather limited size of the Committee. Many volunteers were showing up asking to be involved, so they could learn and contribute. Many tasks were being considered that would be beyond the capacity of the Committee.

Subsequently, the various steps leading to the formation of the Futurism Section were followed, leading to the present question: Where now?

#### CONCLUSION

I think it is indeed time for all of us to seriously entertain a great deal of conjecture, to learn to delve into the minds of the creative, imaginative thinkers of our times, and, if necessary, to willingly suspend disbelief in order to understand what they are saying.

Perhaps this is uncomfortable territory for the rational, scientifically grounded mathematician, but I think it is a fascinating challenge for the actuary who wishes to be true to his calling. After all, the motto of the Canadian Institute of Actuaries, *Nobis Cura Futuri*, means we care for the future.

MS. ANN S. MC LAUGHLIN: I feel so wonderfully honored and really excited about being here to talk to you about futurism and how to start thinking about the future. I hope you soon will enjoy thinking about the future as much as I do. After all, it is in the future that we will spend the rest of our lives.

One way to start to think about the future is by joining the World Future Society and attending a local or national meeting. The next national meeting will be in 1984. I reviewed all my notes from the World Future Society meeting held in August in Washington, D.C., and I decided to focus on what I thought was the one most important trend for our industry. I will talk about that trend, and then I will talk about 10 other ways to start to think about the future.

And what is the World Future Society? The World Future Society has over 40,000 members in 80 countries. It was founded in Washington in 1966 and now has 80 local chapters in the world. Members are from government, academia and business. The World Future Society was founded to promote the study of the future, to promote the development of futuristic methodology

and to educate the public concerning developments in the future. It is the major clearinghouse for ideas about the future.

The 1982 World Future Society meeting had as its major theme the Future of Communications. There were over 200 sessions that ran from 8:30 in the morning to 10:00 in the evening for four days. There were nearly 1000 speakers and 4000 attendees. Needless to say, I cannot talk about all of the sessions. I have decided to talk about only one major theme and a few implications for our industry, so as to give you an idea of what insights you can gain from such a meeting. The World Future Society meeting is very important because you can immerse yourself in the future by just being there. It is like culture shock. If you let yourself be open, you will come away thinking differently and be able to more easily think about the future. The conference broadly covered the new information society in which computer technologies are enhancing communications.

#### MAJOR TREND: COMMUNICATIONS

The one major trend I will talk about is communications. This word was coined as the merging of computers and communications. A recent TAP report is on communications, and the report states: "The communications revolution will change the way life insurance companies do business." I have copies of the report which you can pick up later.

#### IMPACT ON CUSTOMER, PRODUCT, DELIVERY SYSTEM

I took this trend (communications) and thought about how the computer, two-way cable, videotext and other electronic systems might impact our customer, our life and financial service products, and our delivery system (how we get the product to the customer - the agent - via personal computers, etc.).

#### The Customer

Consumers will soon encounter automated systems face to face many times in his/her day:

1. One-third of all households will have a personal home computer by 1990.
2. It will become common to require college students to own a personal computer.
3. Shopping via computer - teleshopping - will greatly expand.
4. Personal banking activities will take place via interactive video systems.
5. Medical diagnosis and routine patient care will be handled by computers.
6. Computer games, a brand new industry, already has a higher share of consumer expenditures than movies. Computer games will expand.

The major point is that customer needs will be served in entirely new ways with new products and services through imaginative and creative uses of computer technology.



The Product

Life and financial service products will be rethought and developed taking full advantage of the new computer technologies:

1. There will be more new products and more responsive products emphasizing such features as rate of return, flexibility, liquidity, convenience and competitive costs. Computer systems will be able to easily build these features into products.
2. There will be a greater ability to price products and separate out fees for each service.

Delivery Systems

This is how to get the product to the customer. The computer will play a major role in the delivery system. The agent will be greatly assisted by the computer, or delivery will be via home computers directly:

1. The agent, aided by the computer, can make much more sophisticated presentations, and other company comparisons and analysis. There will be a push toward decentralization. The agent/agencies will be able to enter, store and retrieve data, process claims, and produce policies through printers on their terminals.
2. Directly via the home computer, two-way cable or videotext the distribution system will include shopping, purchasing, policy status inquiries, premium payments, and more, all via this electronic system. Remember that this delivery system allows instantaneous transmission of information.

QUESTIONS RAISED

Communications raises many issues that should be addressed. Four of these are:

1. Should the Society be supporting some research/pilot studies in major cities in electronic marketing and insurance purchasing to help to understand the new delivery system and customer needs? Home banking pilot studies are now commonplace.
2. There will be a great need for new and creative product development, and I mean really new - products no one has thought of yet. Is there a need for the industry to support a research and development laboratory to help with this new need or will banks and other competitors, like software companies, be the creators of the new products? How do we rethink and reframe the design of our products to fully benefit from the capabilities of this new technology? Will it require new skills of creativity, understanding the consumer needs more thoroughly, and understanding the present and future capability of the communications systems?
3. Pricing will be of major importance if insurance purchasing is made via computer shopping. What cost indexes will be used to compare policies and companies?

4. A somewhat further out and self-interest question is: What functions of the actuary might be eliminated by computer-aided design of our products? Will the actuarial profession want to encourage the development of smart actuary machines? The new artificial intelligence computers have parallel and associative memories. A knowledgeable programmer can sit down with you, determine how you price a product (to include judgement) and create a pricing software program. What new functions might an actuary want to assume?

#### TEN OTHER WAYS TO THINK ABOUT THE FUTURE

I have talked about attending the World Future Society meetings, thinking about one major trend in order to stimulate ways of thinking about the future, and investigating future areas which need to be questioned or researched. I want now to mention 10 other ways to start thinking about the future. To think about the future you have to think a different way - you need to be able to be creative, to guess and to tolerate ambiguity. Some of the following 10 ideas may help you think differently:

1. When you join the World Future Society, you will receive their publication The Futurist. Read it and read it with an open mind.
2. A good overview of the field of futurism is The Study of the Future published by the World Future Society.
3. Find out more about the TAP and become a monitor. The TAP has about 70 monitors in about 70 life insurance companies that are looking for future trends that will impact the industry. Each monitor reads one magazine and abstracts any article that has an indication of a trend. These abstracts are read by a committee. (Mr. Roy Anderson and Mr. Wil Kraegel, who are members of this Section, are on this committee.) This TAP steering committee then recommends 3-4 trend reports to be commissioned for further study on each specific trend. Monitors then attend an annual conference on the future. I am a monitor, and I just attended a TAP conference two weeks ago, which was just outstanding.
4. Develop a TAP-like program within the Society of Actuaries. I am thinking of doing this at John Hancock to sensitize people to the future.
5. Get involved as an association with other organizations studying the future. For example, the University of Southern California's Center for Futures Research is doing a study of the life insurance industry to the year 2000. They are using a delphi polling technique, and some of you might want to participate. In a delphi poll or survey, experts are asked to comment on the likelihood of a number of trends and their possible impact on the industry. The experts are then polled a second or third time telling them the range of answers of the total participants and asking each of them if they want to modify their answer or to explain why they disagree with the range. There is an attempt to reach an informed consensus.

6. In your company contact people who are studying the future. It may be people in corporate planning, in public issues or in corporate communications areas. Go to lunch with them and tell them you are interested in the future. Have them put you on their routing lists. They will love to have another ally.
7. Try to get on company task forces or committees that are looking at future trends. Or on those committees which do not specifically look at the future, raise some questions about the future.
8. Be aware of the concept of right-brain and left-brain thinking. This is a very useful concept. The left brain is very logical, analytical and casual. The right brain is creative, able to deal with the abstract, can see the big picture and is more emotional. More use of the right brain will help you to think about the future. Just think about the right-brain and left-brain concept, and occasionally when you do things, say to yourself: Was I thinking left-brain or right-brain? What if I thought of this in a right-brain way? I will tell you that I tried to be as left-brained as I could in writing this speech, because I am more right-brain dominant than most of you.
9. Try lateral thinking. Lateral thinking is creative thinking. It is a conscious attempt to get out of your logic bubble. We are, each of us, in a logic bubble. We think a certain way because of our training, our life experiences and our values. But sometimes we need to leap out of that bubble and look at the problem another way. Take a creative thinking course or read Edward Debono's book Future Positive.
10. Give yourself time. It will take you several years before you feel somewhat competent in thinking about the future, but do not let that scare you away. It is normal to feel uneasy about thinking about the future.

This new dimension has personally enriched my life. Perhaps it will yours.

MR. A. ANTHONY AUTIN, JR.:

#### THE ROLE OF THE FUTURISM SECTION

Don and Ann have stirred up our thinking about the future and actuaries' reaction to it. My job is to describe the role of the Futurism Section, the plans for the Section over the next couple of years and the next steps for us. Being a student of futurism, my first reaction was that this represents an exciting and appropriate challenge for the role which is as yet to be determined. It is all in the future. But having passed a few of the earlier courses in futurism, given by such professors emeritus as Mr. Roy Anderson, I soon remember that axiom of futurism: "Efforts to discern the possible futures should begin with attempts to understand the realities of the present." Fortunately, there was very little in the way of realities, and I soon located them in the form of Article II of our by-laws.

Article II - Purpose

"The purpose of the section, within the Society of Actuaries, shall be to encourage and to facilitate the professional development of its members in the field of futurism through activities such as meetings, seminars, research studies and the generation and dissemination of literature."

Our by-laws were written clearly to provide reasonable latitude. What little is available in our historical record then, suggests that we can define our role as broadly or as narrowly as suits our members. We hope that you in the audience who are Section members as well as you who are future members will take advantage of this Open Forum to make your ideas known. In a few moments we will ask for your feedback.

The Council you elected has developed an initial list of possible roles or missions for consideration:

Futurism Section Missions

1. Get actuaries to incorporate futurism techniques in their work where appropriate.
2. Develop a better understanding and appreciation of futurism by Society members.
3. Disseminate relevant information about future alternatives and their consequences.
4. Provide liaison services with other futurist organizations such as the TAP and the World Future Society.
5. Get futuristic techniques and information incorporated into regular Society operations (syllabus, meetings, committees, special workshops for normal sessions).
6. Surface emerging "issues" early enough to permit deliberate consideration by the Society prior to any demand for public statements.

These missions suggest roles as advocates and teachers of futurism, communicators and futurist researchers. They are alternatives, and the Section may end up pursuing some or all of them plus others not yet imaged.

Futurism has many facets. It can be right-brained or left-brained, but is at its best when it is whole-brained. It is both intuitive and analytical. Some futurists view the future from the perspective of western philosophies, and others use eastern. Trends are extrapolated and discontinuous futures are imaged. Futurism examines environmental change (social, political, technical) and interdependencies. But perhaps, most of all, futurism is a way of thinking.

1982-83 SECTION PLANS

Besides the important job of establishing a set of goals for the Section, the initial tasks for our first year of operating will be aimed at getting organized and getting some momentum established. The nearly 500 members of

the Section express an enthusiasm for futurism which will soon die if we do not deliver something. So the Council has established tentative plans which include the following:

#### 1982-83 Tentative Plans

1. Look for opportunities to include futurism in the 1983 Society meetings at Philadelphia, Chicago, Vancouver and Hollywood, Fla.
2. Examine several current projects of the Society or within the industry for the possibility of participation of the Section.
3. Poll the Section members for their needs, interests, suggestions and prior experiences with futurism.
4. Establish a line of communication to Section (and Society) members on plans, opportunities for involvement in Section activities, futuristic findings or ideas by actuaries and others.
5. Organize the Council and interested Section members into an appropriate structure for pursuing the initial goals of the Section.

We expect these plans to develop into more specific and comprehensive action steps as we approach the coming months. Already the Council has been tentatively organized to pursue these plans. For example, we have suggested a speaker for one session for the Chicago-Vancouver Society meetings and are working on recommendations for several others. In the project area, we are discussing with their sponsors, the possibility of our involvement in these two projects:

#### Possible Projects

1. Outlook for The Life Insurance Industry to the Year 2000 - This is being conducted by The Center for Futures Research for several sponsoring life companies and two non-life organizations.
2. The Role of the Actuary in the Future - This is being conducted by the Society's Planning Committee.

#### THE NEXT STEPS FOR THE FUTURISM SECTION

We have shared with you the Council's emerging view of the role the Section could play in the Society and of the steps we could begin to take in the near future. We need your input to help us apply these concepts of futurism to the Section:

#### Futurism Concepts for Section

1. Understand the Realities of the Present - Where are we starting?
2. Image the Possible Futures - Where could we go?
3. Decide on the Desirable Futures - Where do we want to go?
4. Map the Path to the Future - How do we get there?

For the balance of the session, we would like to get input from the floor. Tell us what you have heard so far and whether it is what you were and are looking for from the Section. Share with us your ideas about how the Section can help its members deal effectively with the current state of turbulence in our industry, with the rapid rate of change and, in particular, with uncertainty.

Let me just ask you a few questions to stimulate your thinking. One question is: Have you heard this morning what you thought you were going to hear when you signed up for this Section or when you decided to attend? If not, what was it that you expected to hear when you got here?

Another question is: Are you the kind of individual who is extremely concerned with the current state of turbulence that exists in our industry or our profession, with the rapid rate of change and with the high level of uncertainty that appears to be surrounding us? If you are, I would suggest that perhaps you can help the rest of us. And if you are not, perhaps that suggests some things that we need to examine. Those are areas in which futurists are dealing. I would ask you: Did the work that you did 10 years ago, 15 years ago or perhaps as little as 5 years ago really anticipate the environment we are finding ourselves in now?

At this point I would like to open the floor for some comments and suggestions.

MR. TERAN DESAI: Futurism brings to mind the famous joke about the actuary driving the car looking only in the rearview mirror. We are trying to show that we also must look at the road ahead in order to drive the car more efficiently. Today I have heard a lot about where, when and how. I am somehow missing why we want to communicate and what we want to communicate to members.

MR. AUTIN: Those questions will be addressed by the Council. I would like to hear your answers. Why are you here? What do you want to communicate?

MS. ANNA MARIA RAPPAPORT: I would like to see the Section be involved in areas that I view as practical rather than that which will help us to function better in our Section's laws. I think that there is a danger in getting so far away from the membership that we are not useful to them. I know some of the comments that I made five years ago which were then unacceptable are now readily acceptable. Maybe one of the roles of this Section is to support the work for people who are attempting to help the environment but are having trouble because their ideas are too progressive for those they are attempting to help.

A health insurance section was formed recently. They are very concerned with wellness. Maybe we should have a joint committee with them. There also is a section forming on individual products. Because we are concerned as a group about demographic and family issues, we should form a joint study group to look at those issues.

I would like to suggest two subjects for workshops. The first subject is unrecognized change. We are not simply attempting to understand what might happen in the future but also are dealing with a large amount of unrecognized change. For example, the underlying assumptions about society are inconsistent with the security systems we have designed. The family

structure has changed, but we have not recognized it. We must sensitize our members so that they can recognize these unrecognized changes. The second subject is discontinuities. Where do we see discontinuities? What effect will they have on our work? Because these are the type of issues that we as futurists should consider, we should attempt to have workshops on them at every opportunity.

I would like to encourage us to consider an ARCH-type publication. ARCH is a publication often containing previously unpublished articles which is used to circulate research material to large numbers of actuaries. In this publication we might want to include reprints of articles which might be of interest to the Section.

Tony, can I share several items from World Future Society meeting?

MR. AUTIN: Yes.

MS. RAPPAPORT: I talked with a union representative about the role of unions in the future. He stated that job security, which will include the right to be retrained, was an important issue for unions. Another item that was discussed at the meeting was a new kind of elite and of wealth. The new elite will include those people that have knowledge, and the new definition of wealth will be in terms of human capital and retraining. Both are valid. The choice is either to become re-educated or see old skills become obsolete. I see this as critical to the future of the Society of Actuaries. Technology is changing so fast that if we do not continually update our education, we are going to find that our skills are obsolete. It is an essential issue for the organizations for which we work. For those of us who work in employee benefits, it is also a central issue for personnel policy. I would not be surprised to see employee benefit systems beginning to emphasize more education. A pension benefit is irrelevant if a person's skills become obsolete at age 45.

There were two other important items. One was the idea of precursory societies. If we want to understand what is happening in security systems in the world, study what is happening in other societies. This can provide us with ideas about what is likely to happen, simply because there is an evolutionary pattern.

The other item involved working at home. When the question of who was doing work at home was asked, a lot of people raised their hands. At the same time the speaker was saying that no one was working at home.

MR. ROBIN LECKIE: I would like to try to answer the first speaker's question. I am the Chairman of the Planning Committee. The Planning Committee is dealing with a number of issues that are going to affect the future of each of us. I will classify them into issues relating to the role of the actuary, issues affecting the role of Society of Actuaries and issues affecting the services that the Society ought to be supplying to members. In order for us to get at the role of the actuary, we have to take a look into the future. The Planning Committee is designed to assist the Board to make decisions that will move the Society to where it ought to be. We cannot take a clear picture of the future. We do not know what that future will be. We think we can influence the future. But if you are going to influence the future, you have to have some concept of it. I would think that the Futurism Section would be a terrific starting point for

establishing scenarios of the future. We do not have to agree with any of those scenarios. We must determine the key variables that are going to influence those scenarios and determine to what extent we have an influence on any of the variables. The Futurism Section may want to divide up into a number of different task groups with each working on a different scenario and a set of variables and see to what extent we actuaries can influence those variables. It is not clear as to what variables are going to affect the future. But certainly we need to take some of these actions.

Let me ask two questions. I hope that you answer yes to one of the questions and no to the other one. First, are you proud to be an actuary? Second, do you think that an actuary is primarily a mathematical technician? I suggest that the second question can very well be part of a future scenario. If you answered yes to the second question, I suggest that you probably will not be able to answer that first one in the affirmative. I do not think we ought to let that happen, but it will happen unless there are groups like the Futurism Section working towards a different scenario.

MR. AUTIN: Most of the text-type material that talks about futurism starts off by saying something like: "Futurists do not believe there is a future. Futurists believe that there are several alternatives or possible futures." The role of futurism is to identify those. Some of them are unthinkable, and some we do not want to hear about. But if the futurist describes them, he does serve a purpose. Futurists sometimes describe scenarios that are very probable but not very desirable. If that is the case and we can all agree that they are very probable and undesirable, then what should we do to avoid those futures? I think that is a role that the Futurism Section can play.

MR. DESAI: In response to Ms. McLaughlin's comments, I have used a process to quantify certain feelings that top management may have about future scenarios. This is a process called analytical hierarchical planning. The gut reactions of top management to various scenarios are quantified, and strategic planning can be done. I think it should be considered for strategic planning.

Communication is an important area. Ms. Ann McLaughlin mentioned that one-third of all households will have a personal computer by 1990. Futurists should think of ways to communicate with these people.

MR. SAMUEL TUCKER: I believe that the Section or at least some of the members should consider the possibility that there will be no future. I do not believe we should discuss details of scenarios without being aware and even confronting the question of international discord, super power competition and the increasing probability of nuclear war. We have to consider these possibilities and even prepare ourselves. There are two suggestions I will make. One is that all futurists read a remarkable book called The Fate Of The Earth by Jonathan Shell. The book seeks to determine the basis for the actuary, his industry and, in fact, all lives and activities on earth. The second suggestion is to have those considering this matter attend a meeting this afternoon which has been arranged by Jack Moorhead. The subject will be based on his editorial in the May Actuary.

MR. AUTIN: There is a lot of material that you could read. The Committee on Futurism has prepared a list which is available from the Society office to assist you.



MR. RICHARD E. OSTUW: As I was listening to the conversation, one phrase that is not new came to mind: "Those who are ignorant of history are condemned to repeat it." And I thought that this had a couple of implications for the Futurism Section. First, in defining the Section's relationship to the rest of the Society, I think we should be aware that thinking about the future in the context of futurism is not that much different in many respects from what we as actuaries have done trying to analyze past trends. What has changed is the rate of change. Second, this shows that all actuaries have been dealing with futurism in their jobs already. This allows all actuaries to more easily accept futurism.

MR. AUTIN: When I tell people that I am a student of futurism or attempting to be a futurist, they say: "Where is your crystal ball?", and "I do not smell any incense." And I tell them that they will not in my office. I study the process by which the future gets here. I am not predicting any particular future. I think that there is room for logical, analytical reasoning in the arena of futurism. I should warn you that as you open your ears to futurism there are going to be a lot of people who are really advocates of a future. I do not think that is the purpose of the Futurism Section - to advocate a particular future. The purpose is to help us understand this process, this element that is so crucial to the work we do as actuaries. We must anticipate future uncertain events. We do a good job dealing with statistics, probability and extrapolation techniques. However, we do not focus on the future. The real object of our work is futurism which we have not looked at in any depth. We can do that in the Futurism Section.

MR. WARREN R. LUCKNER: I think that one of the important functions of the Futurism Section is to become involved in the educational process of the actuary. In the syllabus for the Society of Actuaries' examinations there should be material that specifically talks about futuristic principles and how you apply those principles with certain tools. The reference that was made to the study of the future by the World Future Society is a very good one. But beyond that, I think that a committee should be organized to serve as a source of reviewers for development of new materials and to impart to that review some futuristic orientation in their analysis of the material. We must begin helping all actuaries think in futuristic terms.

MR. AUTIN: I saw some nodding heads there in reaction to the notion that we should have material available not only to educate ourselves but perhaps the other members of the Society.

MR. ANDERSON: I would like to make one comment about the crystal ball. It has been much maligned. I hardly have heard a reference to a crystal ball that has not been pejorative. Actually, if we are talking about materials, maybe the Futurism Section should acquire one. The book that I referred to about the Kahunas did mention that they used crystal balls. A crystal ball's purpose is to allow you to concentrate on meditation, on focusing, instead of having your mind scattered over what you did not do yesterday and what you should do later on today. As such it is a pretty useful device. When you focus, you become creative. So a crystal ball is practical.

MR. AUTIN: We need to look beyond the trappings that futurists are using and realize that those are merely trappings. There is a process, a mind expansion process, which they are going through. That mind expansion process is subject to analytical, rational examination. Many might feel

more comfortable if we approach it from that standpoint and less comfortable if we approach it from the standpoint of the trappings.

MR. ROBERT HUNSTAD: I think our principal purpose as a section should be to serve Section members. While we may be able to serve a broader purpose in some ways, I think we first should establish ourselves as a viable section of benefit to the Section members. Let's get some small victories before we move on to broader issues that we may not be able to control.

As futurists, we should be alert to happenings around us -- not just in our profession or in our business. We should exchange information in a manner that allows us to recognize changes that are taking place. Personally I have benefitted from reading in business magazines about other industries whose problems are not that much different from ours. Combining this type of reading with readings from the futurism bibliography can aid us as we attempt to be alert to the change around us.

MR. AUTIN: Your first comment is an item that the Council considered in depth. There are members of the Council who feel a sense of mission to introduce futurism to the 8000 members of the Society. Others feel that it is a big enough job reaching the 50 to 100 who might really be ready. I think that the 500 members who have signed up for this Section is a sufficient early challenge. We did agree within the Council that the 500 members were the first priority. We have to educate ourselves before we can expect to have the kind and quality of activities that might enable us to deliver something beyond the Section borders.

NEW SPEAKER: This is a unique section. Many of the other sections are attracting, to some degree, people who have an expertise in a participation subject area and want to focus on that subject. There is a great deal of interest in discussing these specific subjects. On the other hand, these sections have had tremendous input to the program committee which influences all 8000 members. So I do not think we have to stop short if the Society of Actuaries says we need help in determining alternative scenarios on the role of the actuary. Where else can they go? If we can provide people who can help them, I think it is appropriate.

NEW SPEAKER: A problem of actuaries is that because we have a mathematical background, we desire perfect solutions. We are very good at specifically focusing on the problem. We can identify every problem in the world. But if there is not a perfect solution, we do not talk about the solution. We need to foster more free thinking so that we discuss solutions, imperfect though they may be, rather than just focusing on problems.

We also need to arrange to be on the 1984 meetings' programs. Because the meetings must be planned so far in advance, we do not have the ability to focus on the most current topic. But we must acquire this ability. A workshop specifically designed for brainstorming could be very helpful.

NEW SPEAKER: Ms. Rappaport made several interesting comments. Perhaps the title of the Section could be changed to Futurism and Analysis of Trends. Doesn't that describe the work of futurists? We are taking existing trends and forecasting them. There are two books that may be of interest to futurists. One is Herman Kahn's The Coming Boom. Another book is called Megatrends. Both books do not imply that they know what the future is going to bring but instead start from the present.

MR. AUTIN: In the Council meeting we decided that we need to be very pragmatic and strive for usable results within the Section. It is all well and good to talk about the future and the problems that are going to exist in the year 2000, but we have to get there despite the substantial challenges today. Ms. Rappaport alluded to the notion of realizing the changes which have already occurred, the trends which are emerging. Some of those are discontinuities instead of simple, clear extrapolated trends. But we can start by looking at what is happening today because that is going to be the basis on which the future is going to be evolving.

MR. BRUCE R. DARLING: I would like to follow up on that same thought - the future starts with tomorrow. The Futurism Section is trying to make known the unknown and to anticipate the unexpected. The Society does not pay much attention to such items as marketing, marketing research, product planning and financial planning for the future even though most companies do get involved in those areas. One possible connecting step between the present and the long-range crystal ball future would be to try to solidify our footing in the near future, say, over the next 5 to 10 years by helping to disseminate information on these areas rather than simply trying to look for discontinuities or unexpected things in the future that might impact us.

I also have noticed that there is concern about the ethics involved in certain products or certain situations. For example, what is a company's obligation to existing policyholders? There is some feeling that we are hiding our ethics under a basket rather than really letting them out. We say that we are attempting to serve our customers and yet also trying to balance our stockholders' interests. I believe that balance may change in the future. Certainly we have seen it change in the past with items such as loss ratio legislation and disclosure legislation. I think that most of the other committees of the Society are involved in reacting to situations to which there is external pressure of one kind or another. We need to look at ourselves and our actions and anticipate how our environment or our legislation may change if we bring our actions out from under the basket. What will the public think? How is the public's mood changing? What is the political situation?

MR. AUTIN: It was mentioned that the World Future Society has a publication called The Futurist. There is an article in the August edition entitled "The Life Cycle of Issues" which talks about the fairly predictable social process. Issues go from inception to their final full expression in the form of laws or regulations or acceptance in a society. There certainly is room for looking historically at what has happened in our business or our environment in which we operate. What has happened is some indication of what is going to be happening in the near future. That is the process with which futurists are dealing.

Ms. GRACE V. DILLINGHAM: Previous speakers have talked about what time span should we be looking at. It occurred to me that as we prepare for the near future and determine what may be desirable, we should have some idea of where it might be leading us in the distant future. We cannot simply ignore the long-range future.

MR. AUTIN: The future is all encompassing, so we need to take as much as is practical into account.

