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FUTURISM SECTION

Moderator: A. ANTHONY AUTIN, JR. Panelists: DAVID WILLIAMS, ANNA RAPPAPORT. Recorder: JEANNE M. STAMANT

This session will brief section members and other attendees on the following areas:

- o Section results for 1983
- o Overall directions and policies
- o Results of elections for Council Members
- o Plans for 1984

MR. A. ANTHONY AUTIN, JR.: I am Tony Autin, the current Chairman of the Council for the Futurism Section, and I am with Pan American Life Insurance Company. I will be introducing the other speakers as we proceed. We do want to emphasize that this is an open forum, and your comments and questions are both expected and welcome.

Our first order of business is a report on 1983 activities. As many of you know, this was our first year as a section. Your nine person elected Council spent the bulk of this year in getting input from the members and in beginning to introduce futurism more explicitly into the Society meeting agenda. Because of the advance planning done by the Program Committee, we were severely restrained in terms of opportunities to schedule specific futurism sessions during the Spring Meetings. However, we were successful in getting speakers selected who would represent the futurist perspective on topics previously selected by the Program Committee for the Spring Meetings. Additionally, we were able to schedule three after-hours informal grass roots sessions for getting input from Society and Section members.

The Council did manage to get involved in the planning for this Fall Meeting, and in addition to reserving this session's time slot, we arranged for a session on the constructure and use of scenarios. I would like to call upon our present Co-chairman, Dave Williams of Canada Life, to describe his reaction to that session.

MR. DAVID WILLIAMS: Thank you, Tony. As many of you know, the session was held on Monday afternoon.

The session was extremely interesting; it could have been entitled "All You Wanted To Know About Scenario Writing But Were Afraid To Ask". Our speaker gave a comprehensive exposition on the various types of scenarios; how one goes about writing them, the sorts of scenarios that have been written for

various purposes by the Department of Defense on global war and some less militaristic applications as well, but it was so comprehensive that I think a number of us suffered from information overload. I hope that we will be able to use some of the aspects of scenario writing for some of the things that we are going to be doing. How many of you have ever been involved in trying to write a scenario? That is excellent. We hope that we can use you as resource people because one of the things that we should do is attempt to write a scenario ourselves, and one of the obvious types of scenarios that a lot of members of our Society would be interested in is a scenario on the role of the actuary. Something of this sort is already being done, and we would like to have some direct input into it. So, just to wrap this up, I would think that you should all make a point of reading the Record as soon as it is available, or if you're particularly interested, we can get copies of the summary of what was presented at the teaching session. If you are interested in getting involved in the Section's scenario-writing activity, and trying to show how easy or how difficult it is, please contact me at my Yearbook address. Thank you very much.

MR. AUTIN: Thank you, Dave. I'd like to point out that Dave was the organizer of that particular session and located Wayne Boucher for us, and I think he did an excellent job. It was a good choice.

Lastly, with regard to the 1983 meetings, we are pleased that the Planning Committee was able to obtain Leon Martel to speak at the General Session. While we can't take credit for recruiting Dr. Martel, the suggestion for his topic, "Managing Change", did come from the Futurism Council, and on behalf of the Council, let me say that we think that his presentation was excellent.

Another important activity during 1983 was the conduct of a survey of Section members on their areas of interest and concern in futurism. This section was conducted under the direction of one of our Council members, Anna Rappaport. Most of you know by now that Anna is a newly-elected Vice President of the Society, and as a result of this, she will be leaving the Council of the Futurism Section. As her last official duty, I am asking her to report on the results of this survey. If you would, Anna.

MS. ANNA RAPPAPORT: Thank you, Tony. I certainly hope to stay involved and will show a lot of continued interest in the work of the Futurism Section and in futurism. I was also one of the members of the original Futurism Committee that goes back a few years and am very gratified to see things like the General Session topic we had and the continuing focus on futurism. In the survey, what we tried to do was find out about the interests of the members of the Section, about the kind of work you're involved in, about your own activities, what kinds of influence futurism has already had on your lives, and about possible activities and about the topics that were of most concern.

We also tried to focus on not only knowing what topics you were interested in but whether people had trouble getting information on those topics, because if you did not have any trouble getting information, there was not any reason to try to do something that was already being done. We wanted to look for essentially unmet needs of the members, and I think that the results of the survey were interesting. The Society office staff were very helpful in providing support when we told them what we wanted to do.

Questions also focused on the importance of different topics, and Section priorities. Another series of questions looked at the interest and participation in planning. 85% of the insurance company employees said they were involved in planning for their employers, as were 79% of the consultants. 74% of the consultants said that they were involved in planning for their clients. A very high majority of these were involved in doing projections and setting assumptions. A somewhat smaller number are involved in other types of planning activities.

The topics for Section priority, clustered by level of interest, are as follows:

- | | | |
|------|--|-------|
| I. | Economic issues - 83% gave 1 or 2 | |
| II. | Computers/office automation | - 64% |
| | Greater competition for financial services | - 58% |
| | Life Span extension | - 62% |
| | Wellness | - 55% |
| | Demographic Trends | - 51% |
| III. | Social Security | - 51% |
| | Medical Care Costs | - 51% |
| | Changing Values | - 52% |
| IV. | Government regulations | - 39% |
| | Decrease in Confidence in Institutions | - 28% |
| | Geographic Population Shifts | - 23% |
| | Robots | - 17% |

A substantial percentage of respondents indicate difficulty getting information on most of these issues.

There was quite a lot of interest in planning methodology, and the scenario writing session that was held earlier in this meeting is an attempt to respond to that. The Council is going to be using these results and taking them into account in planning for future activities.

MR. AUTIN: Would anyone have any questions for Anna at this point?

MR. GEORGE GOULD: In the questionnaire, you approached it from two or three directions; one was from the viewpoint of your work and one was from the viewpoint of your personal life; I wondered if you found any major split in the interests that came out in those two sections?

MS. RAPPAPORT: George, I did not really find as much as I thought I might; maybe I can share a couple of answers that I think are interesting in that regard. 25% indicated a high awareness of futurist issues, and 25% also indicated a high influence of futurism on their actuarial work. "How much influence does futurism have on your career planning?" 22% answered that question with "a great deal". I guess I can say that I did not find really a significant inconsistency.

SECTION MEETING

Table 1IMPORTANCE OF VARIOUS SECTION ACTIVITIES

	<u>Most Important</u>				<u>Least Important</u>
	1	2	3	4	5
Conduct special sessions at Society meetings	40%	25%	15%	11%	8%
Update Reading List every 203 years	32%	28%	22%	9%	9%
Conduct Special Seminars	19%	29%	23%	16%	13%
Provide Input to E&E Committee on Futurism	13%	27%	36%	14%	10%
Organize Local Study Groups to Discuss Futurism	11%	24%	28%	20%	16%
Develop a list of SOA members with Home Computers who would like to network	8%	15%	26%	21%	31%
Publish a special publication patterned after ARCH.	13%	22%	28%	21%	15%
Set up Non-Local Study Groups	9%	24%	37%	16%	14%

Table 2

IMPORTANCE OF FOLLOWING TO EMPLOYER AND CLIENTS

	<u>Most Important</u> 1	2	3	4	<u>Least Important</u> 5
Economic Issues	62%	27%	7%	3%	0%
Greater Competition for Financial Services	44%	28%	14%	7%	7%
Government Regulations	45%	38%	11%	4%	2%
Life Span Extension	14%	33%	26%	18%	8%
Computers/Office Automation	35%	37%	20%	8%	-
Medical Care Costs	34%	25%	18%	11%	12%
Social Security	17%	32%	32%	15%	4%
Demographic Trends	14%	38%	29%	15%	5%
Wellness	14%	27%	32%	21%	6%
Changing Values of Americans	9%	34%	33%	18%	6%
Decrease in Confidence in Institutions	5%	27%	36%	21%	12%
Geographic Population Shifts	4%	16%	32%	32%	16%
Robots	3%	5%	16%	28%	48%

SECTION MEETING

Table 3

ISSUES

	Lack of Adequate Information					Section Should Place Priority				
	Need More Data					Highest				Lowest
	<u>1</u>	2	3	4	5	<u>1</u>	2	3	4	<u>5</u>
Economic Issues	28%	35%	24%	8%	4%	57%	26%	8%	4%	5%
Social Security	2	11	30	31	26	24	27	24	17	9
Wellness	12	28	37	18	6	24	31	31	11	3
Medical Care Costs	10	17	31	26	16	20	31	28	10	10
Demographic Trends	9	22	40	19	11	28	33	26	9	4
Changing Values	11	29	36	17	7	22	30	30	12	5
Decrease in Confidence in Institutions	8	20	31	26	14	9	19	35	25	12
Geographic Population Shifts	2	13	32	35	18	7	16	31	29	16
Greater Competition for Financial Services	17	30	28	16	9	30	28	24	11	8
Government Regulations	7	18	36	21	18	18	21	35	17	9
Computers/Office	19	22	30	21	9	36	28	23	7	6
Automation										
Robots	7	13	18	30	33	5	12	19	31	33
Life Span Extension	17	30	33	12	8	31	31	24	9	5

Table 4INFLUENCE OF FUTURISM ON YOUR LIFE

	<u>Great Deal</u>				<u>None at all</u>
	1	2	3	4	5
How aware do you feel of futurist issues?	4%	21%	40%	30%	5%
How much influence has futurism had on your actuarial work?					
All	6%	19%	31%	31%	13%
Insurance Company	4%	18%	30%	32%	15%
Consultants	7%	24%	29%	32%	8%
How much influence has futurism had on your career planning?	7%	18%	26%	31%	18%

SECTION MEETING

Table 5TOPICS FOR STUDY BY THE SECTION

	<u>Most</u> <u>Important</u>				<u>Least</u> <u>Important</u>
	1	2	3	4	5
Economic Issues	37%	40%	9%	10%	4%
Planning Methodology	35%	26%	20%	12%	7%
Demographic Trends	37%	27%	26%	11%	-
Computer Influence on Society	30%	33%	19%	11%	7%
Wellness	16%	29%	33%	15%	7%

MR. AUTIN: We are going to be looking for an opportunity to distribute the results of this survey to the Section members. We will be talking more about those opportunities later this morning. Anna mentioned that we had the Society prepare a computer program to tabulate the results, and you should be interested in knowing that we retained the royalty rights to that program, and we've sold the use of it one time to another Section, so perhaps we will be a profit making institution someday. It is one of our subsidiary goals, however.

The grass roots sessions and the survey were particularly helpful in the drafting of a mission statement and short term goals for the Section. The Council, at its meeting last Sunday, adopted the final versions of these, and they will be communicated to the Section members in writing as soon as is practical. However, I'd like to give you a flavor of these statements by reading just brief sections from each of them. The Futurism Section mission is as follows:

"The Council for the Futurism Section believes that an awareness of futures prospectives and their role in strategic planning is an implicit part of the array of knowledge needed to be a professional actuary. Therefore, actuaries should be educated to deal explicitly with the future. The emerging discipline of futurism provides a basis for supporting this need.

Because of the relative unfamiliarity of futurism to actuaries, and because futurism itself has only recently "come of age", the full achievement of this long term goal will indeed take some time. The initial focus of the Section (or its short term goal) will be to educate Section members on futurism and its application to their work as professional actuaries, and to establish the Futurism Section as the major source among Society members for information and education on futurism and its techniques.

The long term goal of the Futurism Section is to incorporate futures perspectives and techniques into the recognized sphere of actuarial knowledge via the Society of Actuaries. When this has been accomplished, futurism will be a regular part of the syllabus and continuing education program and most actuaries will consider a futures-oriented perspective as important as the basic theory of interest."

With regard to the short term goals, the first goal is the education of Section members on futurism, and its application to their work as professional actuaries. We see that there are opportunities to pursue this goal in Section sessions at the regularly scheduled meetings of the Society, the continuing education seminars, a Section newsletter, committees of Section members, and perhaps informal networks of members who are interested in specific topics. And, of course, perhaps even the most fundamental method might be suggested readings, and all of you are aware that there is a reading list prepared by the Futurism Committee. For those of you who do not have copies, we do have additional copies here at the front table, and you're welcome to take one. The specific topics that we would like to present include the nature of futurism, the tools and techniques of futurists, and as soon as we can do so, the findings of futurists and their implications for actuaries.

A second goal is to establish the Futurism Section as a major source among Society members for information and education on futurism and its techniques. This we feel can be accomplished through panel discussions, open forums, workshops at regular Society meetings, by participation of Section and Council members in other Society functions, committees, and also through articles written for the Actuary or eventually papers written for the Transactions. I think an additional objective that Barbara Lautzenheiser mentioned of an "intermediate length paper" opportunity also sounds very promising. Those, then, are the missions and short term goals that have been adopted by your Council. Our next order of business is our Treasurer's report. Jeanne Stamant, whom I've already introduced, is our Treasurer and will present this report.

MRS. STAMANT: This report is for fiscal year July 31, 1982 through July 31, 1983. The Section's expenses arose primarily from the costs associated with the survey that Anna just discussed. Here are the specific numbers:

Fund Balance 7/31/82		\$2,260.00
Income:		
Dues	\$3,661.15	
Interest	<u>345.08</u>	
		\$4,006.23
Expenses:		
Printing	\$1,492.65	
Postage	619.42	
Special Supplies & Services	24.09	
Programming	<u>800.00</u>	
		\$2,936.16
Net Income:		\$1,070.07
Fund Balance 7/31/83		\$3,330.07

MR. AUTIN: Thank you, Jeanne. As you can see, we are going in the right direction. In addition to her other activities for the Futurism Section, I'd like to personally thank Jeanne for serving as the chairperson of our Election Committee for new Council members, the results of which I'm going to announce at this time.

The Section By-laws establish staggered three year terms and retiring from the Council as originally scheduled are Dave Carpenter, Jeanne Stamant, and Haeworth Robertson. Additionally, Roy Anderson who was the first chairman of the Society's Futurism Committee, and was scheduled to go off the Council next year, has resigned, together with Anna Rappaport, who, as I mentioned earlier, has to leave because of her new duties as a Society Vice President. This

accounts for five vacancies on our nine member Council. While this large turnover in the Council would appear to be a concern, I am happy that the members of this Section, including those of you who are here present, had the wisdom as futurists to elect an excellent set of new Council members. Elected for three year terms are Fred Kilbourne, Warren Luckner, and John Booth. For a two year term, George Gould, and for a one year term, Kiran Desai. Would those of you who are present please stand up and let's give them a round of thanks. I am pleased that three out of five were able to make it here for their first Council meeting and to attend this session as well.

At its Council meeting on Sunday, the Council elected officers for the coming year. Elected Chairman for the 1983-84 year is David Williams; Vice-chairman is John Booth; Secretary, George Gould; and Treasurer, Warren Luckner. Let's give these new officers a round of applause, please. I'd like to also point out that the Board of Governors has provided that all future Sections will incorporate full voting rights and office holding rights for Associates in the Society. They have permitted each of the existing Sections to decide whether or not the same would apply for them. Your Council has adopted the motion that we will follow the course that's being called for for future Sections, and I think this will probably be the case in the other Sections as well.

Well, we've talked a bit about what we have been doing in 1983, and as you can appreciate, it's very much of an information gathering process. We were not able to deliver as much as we would have liked to in our first year. However, let's look now to the future and go over our specific activity schedule for 1984. One area of strong interest expressed by a large segment of the members of the Section is that of the basic tools and techniques of futurists. Accordingly, we have worked with the 1984 Program Committee to secure two time slots, one at each of the twin Spring Meetings in Atlanta and Salt Lake City, to devote to this topic. John Booth, our new co-chairman, has agreed to moderate the Atlanta session, and I will serve for the Salt Lake City session. The working title of the sessions will be "An Introduction To The Futurists' Bag of Techniques". We expect to cover a broad array of techniques in the session, possibly using the help of outside experts and Council members. I might add that the session that Dave arranged for us on the construction and use of scenarios, sets a fine example for the quality of the presentation that we need to make for the members.

The New York Spring meeting is a specialty meeting on investment management. The Section has agreed to organize and obtain speakers for a panel discussion on the "Investment Implications of an Aging Population". You will recall from Anna's presentation, this is responsive to the survey's priority issues list. This is an interesting subject which the Council feels is an appropriate one for the Futurism Section to handle. Our incoming chairman, Dave Williams, will serve as moderator and organizer for this session. We also have time slots available for two workshops, one at each of the two Spring meetings in Atlanta and Salt Lake City, and, although our plans are tentative at this point, we are looking for a way to get a workshop built around the future role of the actuary, possibly providing a scenario which could be used for discussion purposes during the workshop. This I think would be a very fine and exciting opportunity to apply futurism to our own profession.

The Fall meeting planning is about to begin, and no specific plans have been made for it. The Section Council will be represented in the early planning activities, and we welcome any specific suggestions you may have for this meeting. Suggestions should be given to our new chairman, Dave Williams. Let me stop and perhaps give everybody a chance to ask any questions you may have about anything that we have done in 1983 or plan to do in 1984.

MS. RAPPAPORT: You might be interested to know that the Carnegie Corporation is in the middle of a major project on our aging society including issues like financial implications; they had a small symposium several weeks ago and have started publishing articles. You might like to try plugging into that for the session next Spring, and you also might like to try to distribute the publications to our members. I think that would be an interesting topic.

I would also encourage you on scenario building for the "Role of the Actuary". From the perspective of the Planning Committee, that is more or less closed, something was done, but I do not think it is going to go further. I do think the Futurism Section, particularly if you looked at alternative scenarios, could make a great contribution to that and really help in going forward.

MR. AUTIN: Thank you, Anna, and I agree with your suggestion that we continue to pursue the future role of the actuary. Obviously, the future is an ongoing process, and there is an opportunity for the Section.

Earlier in 1983, the Council surveyed the Section members for those who were interested in reading and summarizing information for a Section Newsletter, or for possible submission to the Actuary. The response was very strong, and we have a list of over 20 persons who are interested in this activity. While I am stepping down as Section Chairman, I have agreed to organize this area and to serve at least initially as the Editor for this function. Plans in this area are not really fixed at this point. However, we do perceive that there are two primary audiences which we want to serve. The dues-paying members of the Section constitute the first audience, and here something on the order of a separate Section Newsletter would seem to be appropriate, and the format might be along the lines of the ARCH publication. The second audience is, of course, the general membership of the Society whom we want to keep advised of Section activities in general and to whom we want to expose futurism perspectives and findings. Here, contributions to the Actuary might be more appropriate.

Other possible activities exist; there is a yet untapped potential for activities beyond those which we have planned for 1984. In the membership survey, Anna mentioned the 60 persons who expressed an interest in contributing to the work of the Section by serving on committees, speaking at meetings, or working on educational or research activities. No doubt the Council and its new officers will be looking for ways to involve these persons in activities which will respond to your needs.

We'd like to take this opportunity to get your input on any of what we have planned or on suggestions for the addition of other activities. You realize that a section is specifically set up outside of the normal operating rules. It's intended to be a grass roots section to be responsive to the needs of the members, and it can, we think, respond more quickly than might the Society of Actuaries through its regular activities. Do any of you have some suggestions or perhaps criticisms about our first year of operations or the plans we have for the second year?

MS. RAPPAPORT: Tony, an interesting thing in terms of keeping score might be to try to look through the Society's program generally in the Record afterwards and see to what extent change in future issues are cropping up throughout the program because if the Section is doing its job, the whole issue of change will crop up more and more. One of my goals as Education Vice President is to look at the whole issue of coping with change and how we are handling it in our educational programs and try to do that better.

MR. AUTIN: Good suggestion, Anna.

MR. RICHARD ULLMAN: I am not a member of the Futurism Section; I came here out of just general interest. I wonder has there been any scenario written on health care in health insurance, and if not, is something planned in that direction?

MR. AUTIN: Was anyone here at a workshop session yesterday on that general topic? You [Mr. Ullman] were there? What was your reaction to that? Did it miss the mark?

MR. ULLMAN: It was good, but I was wondering, is the Futurism Section doing something specifically in that direction in writing a scenario?

MR. AUTIN: No, we are not. That might be an opportunity as I mentioned earlier for a network of individuals who have expressed a particular or specific area of interest. Those members of the Section who are working in the health care area might want to form a group and take on that activity.

MS. RAPPAPORT: Tony, I think if the Health Insurance Section would be interested in a joint activity, that would also be an excellent opportunity for some of the members of this Section to help them with scenario writing because they are obviously focused on change in a future-oriented issue, so there might be a good interplay there.

MR. AUTIN: That is a good suggestion, too. At a meeting of the Section chairmen, also Sunday afternoon, there was emphasis placed on the need for the various sections to work closely and coordinate their activities, and it was suggested that there would be opportunities for joint ventures, so to speak.

You all know that the Health Section is the oldest section, and it has now completed two years of operation. well organized, and they really have got a fine array of activities going, but this might be an opportunity for us to work with them.

MR. RICHARD BURROWS: I think this is in line with what Anna had suggested about following up on programs. Yesterday I moderated an open forum on deregulation, and we had a fine closing comment by Fred Richardson, and then I began to wonder what is going to happen. I think the main thrust that came out of this was that the actuary, particularly the valuation actuary, needs to have more responsibility, and the actuarial body needs to get more involved with the investment body to match assets and liabilities. Do we or can we consider that we have any kind of responsibility here in writing a scenario about how things could change to do this? I asked Fred to repeat a comment that he made at breakfast because he had been in the United Kingdom, Canada, and the United States. In the U.K., the valuation actuary is responsible to the government, but furthermore, the appointment of the valuation actuary has to have the approval of the government, and most importantly, the firing of the valuation actuary has to have the approval of the government. So, this is a very significant change from our situation, but the real thing that worries me is that we sort of hide behind the regulations, and we do not have to take the responsibility. It does seem that this is a possible scenario that we should try to evolve, too, as to how the American actuary is distinguished from the Canadian, because they have more responsibility and less regulation. I do not know what we might consider our role to be with respect to that particular open forum Sunday.

MR. JOHN BOOTH: I would say this is right along the lines of what Wayne Boucher was saying to us yesterday on writing scenarios. One of the exercises of writing the scenarios was to pick a point that you want to get to and then try to trace your path there; the objective here is to get more responsibility in the hands of the valuation actuary. Your comments were right on target with some of the other things that we discussed in scenario writing. Another thing that we brought up, too, was that some of the techniques that are being taught, which a valuation actuary would use in matching assets and liabilities, might be qualified as scenario writing. There is quite a bit of inter-relationship here on that subject.

MR. AUTIN: Are there other comments on that? I, for one, feel that much of what actuaries do, or should be doing, really could benefit from the application of the tools of the futurist. This is a fine example. I think by developing applications of the tools in areas such as this, perhaps we can stretch the generally accepted actuarial practices to include activities like that. I would think that if valuation actuaries were not considering alternative scenarios, they perhaps might not be doing as good a job as they could if they were doing so.

Well, this brings us to the end of our session. I want to take the opportunity to express my personal thanks to the outgoing members of the Council who have been so helpful in this our initial formative year. I do look forward to my next two years on the Council and to the leadership of our new officers. We are, together with our members, in the delightful position of beginning the exploration of the future in an organized, thoughtful manner. Thank you for coming.