

RECORD OF SOCIETY OF ACTUARIES 1985 VOL. 11 NO. 4B

FUTURISM SECTION MEETING

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Panelist: BARRY S. HALPERN
Recorder: GEORGE E. GOULD

- o 1985 achievements
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MR. DAVID S. WILLIAMS: The income statement for the year ending July 31, 1985, shows that we have a balance of roughly \$9,600, which is slightly larger than the \$6,300 we started with. Our budget for the next year assumes membership at around 850. Since it is currently over 950, this is a conservative estimate. Our activities for the coming year are going to increase in scope, so that we are actually expecting to spend more money than we take in. As a result, we anticipate a fund balance a year from now of a little under \$6,000. Our current level of dues of \$5 is adequate for our anticipated needs for the coming year.

MR. PHILIP J. T. CERNANEC: The only item that might need explanation is the Electronic Communication Project.

MR. WILLIAMS: We had intended during the past year to establish a bulletin board. We didn't get far with that because of logistical problems, and there is some concern about how widely it would be used at present. Mr. Robert E. Williams has been looking into the feasibility of establishing a bulletin board in connection with one of the major networks in the United States.

MR. ROBERT E. WILLIAMS: I have arranged to become a member of Compuserve. I haven't used it for anything specific yet. I am also on the Future Education Methods Task Force, and we have had four or five meetings in the last year. One of my proposals is that the Society become a personal user of Compuserve as a communications device with the students, to make updates available with regard to study notes, official information, pass lists, and so on. We are experimenting with that. Mr. Barry S. Halpern and I have talked about an experiment whereby, since I will not likely be able to attend the next Council meeting in Chicago, I might be able to conference for an hour during the meeting through Compuserve. Compuserve has a conferencing

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facility, and it also has electronic mail. Somewhere down the road, all of us in North America will want to have this method of communicating with each other, occasionally anyway. It's useful for sharing documents, working on drafts of reports, and such. You don't have to use the mail, and you can get a captive file of the text, edit it, and pass it along to other people. I see it as something which will be useful in the future although we are presently at the experimental stage.

MR. WILLIAMS: As Mr. Williams has indicated, this allocation is not for a specific purpose, but we anticipate doing work in this general area and wanted to make budgetary provision for it.

I would like to give you the results of the recent election. I hope that each of you exercised your franchise. You will be interested in knowing that our three new members of the Council are Mr. Michael J. Cowell, Mr. James J. Murphy, and Mr. Richard S. Foster. Each of them has had direct involvement, in some cases a considerable involvement, not only with futures work, but also with educational work in the Society, so we think they will be a real strength and source of additional impetus for the Section in the coming year.

The Annual Report of the Futurism Section, which was included in the Committee/Section Reports booklet mailed about three weeks ago, sums up what we have tried to do this year. We have been making progress on several fronts which should be helpful to you if you use the resources that we are developing.

We want to assist the Society with the implementation of its strategic plan for the education of actuaries, based on the 1982 Report of the Education Policy Committee. I hope you have had a chance to reread that report, "A Strategic Premise for Actuarial Education." Several ingredients of the report indicate the relevance of futures research techniques to the work of actuaries, pointing to the need for a better understanding of the uses and limitations of futures research, and discussing the consequences of future developments and strategies for managing them, particularly in the context of strategic planning.

We are creating an environmental scanning network, with the primary purpose of identifying and monitoring emerging issues of importance to actuaries for early consideration by the appropriate Society committee or body. The ultimate success of this initiative will depend on the results that we are able to achieve and the perceptions of what we actually are able to delineate as major issues. Ultimately, we expect to have several dozen members at a minimum; we have about 12 at the present moment, and any volunteers will be gladly received. We want to develop a well-defined basis of operation. You will be hearing more about that in the future, so if we don't catch you now, maybe we can persuade you to join at a later point in time.

Then, of course, we will be working to develop a greater futures orientation in the Society programs over the coming year.

We still have our three umbrella committees. The Issues Committee has handled our major field of endeavor for 1985, the analysis of the life and health industry's 20-year strategic outlook.

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Our Section newsletter, Actuarial Futures, is now being published more or less quarterly. I hope that you are able to glean from it perspectives useful in your work. We would like to report on things that are of direct relevance to actuaries, but at the same time, we don't want to exclude "right-brain" perceptions, so that there will be some attempt to broaden our horizons. As always, the Editorial Committee would appreciate constructive comments or suggestions with regard to newsletter content and presentation.

We have begun a Section library, through arrangements with the Society's Director of Research, Mr. Mark Doherty, and we are accumulating some interesting material there. The futures literature will be classified according to specific fields of interest. A list of articles, papers, and books in the library will be compiled and sent to Section members from time to time. There will be an abstract for each item which will indicate what you are likely to find there. If you come across something which you think should be added to the library, please let us know.

MR. BARRY S. HALPERN: Mr. David Williams has been the Chairman of the Section Council for the last two years. During that time we have made a lot of progress in developing the newsletter, initiating a scanning committee, and sponsoring a number of sessions at Society meetings. We should thank Mr. Williams for the efforts and the time that he has put into it over the last couple of years. Likewise we should thank A. Anthony Autin, Jr., who started the newsletter, and George E. Gould, both of whom are also leaving the Council this year.

One of the first things the Section intends to do in 1986 is to get a better profile of our membership. As of now, we know we have around 950 members, but we haven't an up-to-date analysis by age, type of employment, and so on, nor do we know where their interests lie. In trying to provide services which are useful to you, we need to know whether you are working in product development, in research, in valuation, or in planning. We will be doing that with the list of members that we have now; and there will also be a questionnaire in one of the upcoming newsletters.

As far as the newsletter goes, we have been publishing on a near quarterly basis, and I hope we will achieve that next year. We published two issues in 1984 and will have three in 1985, so if you extend the trend, we should have four in 1986.

The scanning activity's purpose is to identify issues that should be of concern to actuaries and to members of our Section that differ somewhat from the orientation of the American Council of Life Insurance (ACLI) Trend Analysis Program (TAP). TAP identifies issues which are of longer term concern to the insurance industry; our focus will probably be more specifically actuarial, and you will be hearing more about this in the newsletter. We hope to produce a number of issues which will be developed into topics for sessions at future meetings, maybe in late 1986 and 1987.

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In terms of 1986 Society meetings, the Kansas City meeting in late spring will be a specialty meeting on the regulatory environment, and our Section is sponsoring a session which will look at the future regulatory environment of the life and health industry. For that session we will be preparing two or three scenarios of possible alternative futures that we hope to get a panel of regulators to address. If that works out well, then I hope we can continue that technique in the future. We currently don't have specific plans for the annual meeting next year, although we hope to organize two or three sessions there.

Let me summarize briefly what we did in the panel discussion and in the workshop that followed it. Both addressed the Center for Futures Research Report on the Strategic Outlook for the Life and Health Insurance Industry. Our panel discussion addressed several futures research techniques that went into developing that report and gave a brief description of how those are applied. We also got into what sorts of results were obtained from that study and how we might use those results. Just to give a one or two sentence summary, we hope we made the point that the future is not fixed and that there is not one possible future but many possible futures. We should not look in our daily work as just one possibility, nor should we consider these scenarios as predicting what will happen; rather, the scenarios and the alternative futures are merely possibilities. They should get us to think about how we would act if they were to occur. They don't mean necessarily that we are predicting that something will happen, but they may help us to prepare better for what will happen eventually and perhaps to create a more desirable future by bringing about the more desirable possibilities.

As a follow-up to the panel discussion we conducted a workshop which had about 25 participants. We did a simplified Delphi study where the group estimated the probability of a number of events occurring over the next ten years and their impact on our industry. In our discussion we found quite a divergence of opinion as to the probability of occurrence of some events, and there were two or three events where we couldn't agree on the impact on the insurance industry if the events did occur. I will be preparing a summary for the newsletter, in addition to a mailing for the workshop participants.

We have two Council meetings during the year where we try to respond to the view of our members, but we don't know how well we are doing unless we hear from you. I ask that you give us any comments or suggestions you have, so that we can either address them here or take them down and consider them in Council. Are there any comments or suggestions or questions?

MR. JAMES R. HOPSON: Does this group interact with any other futures groups at all, within the government or outside the government?

MR. HALPERN: The Council interacts with the ACLI TAP group, and we are arranging to get all 950 of the section members on the TAP mailing list. Some of your companies may be on the mailing list now, but you personally may not be. We will be able to provide you with

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the TAP reports, of which there are three or four a year, and a bi-monthly newsletter called "Straws in the Wind," which looks at developing trends and issues. We are in contact with members of the Center for Futures Research and the World Futures Society, and we use the information obtained from these sources to build our library and develop programs. In the past, we have always attempted, for our sponsored sessions at Society meetings, to get outside speakers from various areas--mostly nongovernment types--but we are looking for experts. I certainly don't consider myself an expert.

MR. STEVEN M. MARTIN: I appreciate the efforts of the Section in getting materials to me that help me understand better what futures are all about. Providing the newsletter and the TAP information is the best way that you can help me.

MR. HALPERN: Thank you for the support. I'd also encourage you, and any others who are interested, to volunteer for the scanning committee. There are a dozen so far who have signed up to participate in our scanning effort. If you would rather volunteer for the Issues Committee or the Program Committee, I encourage you to contact me or any member of the Council, because we do need help. There are nine of us on the Council, and there's work available for more than nine people.

MR. CERNANEC: I wouldn't mind seeing some applications of right-brain techniques. You are talking about trying to find creative approaches to identifying issues, and there might be an application there.

MR. HALPERN: There was a discussion a couple of years ago at one of the meetings, on "Futurism--is it an Art or a Science?" about melding right- and left-brain approaches. In the last two or three years, we have gone from trying to advocate right-brain thinking alone, to a more balanced approach. That's a good suggestion.

MR. WILLIAMS: You need to blend both logic and intuition. These aren't entirely separate and distinct ways of looking at the future; there is a significant area of overlap where communication can occur. There is a great opportunity here for cross-fertilization of perspectives and ideas--a holistic approach, if you like, to developing the most effective strategies for the 1980s and 1990s.

MR. CERNANEC: I wasn't advocating right-brain thinking alone, but I would like to see it used. A potential use came up in connection with a panel of regulators in Kansas City. Could we work with them to try and get them out of their current mold of approaches, and maybe work with the industry in a more balanced manner, i.e., introduce some right-brain approaches? We might take a look at different techniques in approaching regulators.

MR. HALPERN: I would like to comment on the Delphi study that we conducted in the workshop. We had 25 actuaries in the room, and we had a list of ten events. We asked the actuaries to assign a probability to those events, the probability that that event would occur within ten

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years. For just about each one of the ten, we got a range from 0-99 percent probability; and we found this range had a lot to do with interpretation. The actuaries were trying to read exactly word for word what was said in the question; whereas I think the intent in doing a Delphi is that you should use not only your left brain, defining an event's probability of occurrence by referring to a set of statistics, but also be guided by how you feel about it. Do you feel that this event will occur, regardless of the statistics? Delphi is an effort to combine both art and science, and I hope we continue to do that. I didn't mean to imply that we are getting away from right brain; I mean to say that we want to make sure we recognize both. A group of actuaries has to be prodded away from pure left-brain thinking, which is what most of us have been doing all of our lives.

MR. WILLIAMS: There is a great deal of futures-related, strategic-planning-related literature coming out these days. Three articles crossed my desk in the past week. An example is "The Use of Scenarios in Corporate Planning, Eight Case Histories." This is interesting, because it shows what has actually been done by eight major companies. Unfortunately none of those eight was a life insurance company. Other examples are "Environmental Scanning in U.S. Corporations" and "Environmental Scanning--Does It Help the CEO?" That's a key question which many chief executives may have prejudged, if they have been exposed to it. These are all matters that are relevant to the sort of work we are trying to do. There is certainly a lot of material which we will have available to you as members, through the library, and through comments in the newsletter. We'll try periodically to send updated lists of the material that is available, so that you know what's there.

MR. HALPERN: We published a bibliography a few years ago as part of the Record, and we are going to update that by publishing what is in our library in an updated bibliography.

The other Council Officers are Frederick W. Kilbourne, the Vice Chairman, and Warren R. Luckner, who has been our Treasurer and who will also pick up the Secretarial duties for the next year.