Risk & Rewards

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CHAIRPERSON'S CORNER

Investment Section Matters

By Frank Grossman

As you may have noticed, *Risks & Rewards* is a newsletter. Indeed, years ago it used to say as much on its front cover: "The Newsletter of the Investment Section of the Society of Actuaries." Not a journal, a review, a periodical, or a magazine, but a collection of topical and newsworthy items—a *news*letter. And to this end, we've endeavored to deliver shorter articles by a wider range of authors, introducing some new authors too, in recent issues of *Risks & Rewards*.

Writers take some slight risk, however, when tackling fast-moving investment topics in the pages of a semi-annual publication. They strive to submit clean copy today to be read in roughly two-and-a-half months' time—like the proverbial message in a bottle. Writing "forward-starting articles" in derivatives-speak!

Three weeks ago, on the cusp of the Canadian Institute of Actuaries' annual meeting, a nice lady pierced my risk adverse world view by asking me, "Where's your sense of actuarial adventure?" as we finalized some session logistics. Given that it may take nearly 80 days (from pen to print to postman) for this newsletter to arrive in your locality, a spirit of adventure à la Jules Verne seems somehow fitting. So,"Passepartout, pack a travelling-bag!" And please accept this column as my Phileas Fogg missive to you, dear reader.

SECTION COUNCIL ELECTIONS

Many of you already know that section members may cast their ballots during the August 17 through September 4 voting period. Note that the small number of members who did not pay their $25 annual dues for the 2014-15 membership year were (regretfully) struck off of our section's membership roll at the end of June. However, if you did in fact pay your dues but did not receive an e-ballot, please contact Leslie Smith at the SOA head office to set things straight.

Vice chair George Eknaian, secretary/treasurer Tom Egan and I are pleased to announce that six section members have tossed their hats into the ring for the upcoming council elections: Ming Chiu, Kelly Featherstone, Joonghu Huh, Jim Kosinski, Fred Ngan, and Emmanuel Vézina. Three positions on council will open up as the senior class rolls off at the 2015 annual meeting in Austin, Texas, therefore three of the candidates will be elected. Please take a few minutes to read their on-line candidate profiles so that you may exercise your democratic franchise more effectively by making an informed choice.

2015 REDINGTON PRIZE

Work on the 2015 Redington Prize is underway, led by organizing committee chair Nino Boezio and vice chair Jeff Passmore. Earlier this year, your section council concluded that it was time to renew the Redington Prize by increasing the award to $10,000—effectively taking a "go big, or go home" stance. We're looking forward to announcing the winning paper at our section breakfast on October 14 during the upcoming annual meeting. And for those who can't join us in Austin, we're planning a Redington Prize webcast on Nov. 17, 2015.

The prize was named for Frank M. Redington, author of the landmark 1952 paper "Review of the Principles of Life Office Valuation." Yet naming a best investment paper prize for a valuation paper may seem slightly incongruous. During the presentation of his paper to the U.K.'s Institute of Actuaries, Redington conceded that his paper dealt primarily with valuation and that "matching" (or immunization) was a by-product.

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Redington subsequently wrote an article, "The Origin of Immunization," for the January 1982 issue of *The Actuary* (i.e., the chatty black and white newsletter and ancestor of today's full-color SOA magazine). It describes the fateful "Saturday morning lie in" epiphany that prompted him to hastily re-write the first portion of his paper—and thereby launch immunization theory. His article concludes as follows:

> Our "valuations" are conditional statements made on the particular hypothesis contained in the valuation basis. They are photographs taken from one particular spot. The basic lesson which immunization theory taught me was that for a valuation to have even that limited validity the photograph of the assets and liabilities must be taken from the same place.

Actuaries who have struggled with the implementation of fair valuation and other market consistent approaches will doubtless appreciate Redington's photograph metaphor. I know I do.

MERCI BEAUCOUP

Next up are a few words of appreciation. First, a brace of sincere thank you's to our newsletter editors Nino Boezio and Joe Koltisko for their steadfast and long service to the Investment Section. Both gentlemen's involvement with *Risks & Rewards* extends back more than 20 years—the masthead of the June 1994 issue lists them as Associate Editors. And their current tandem approach, with Nino stick-handling the winter issue and Joe fielding the summer number, was adopted some 10 years ago. Truly theirs must be a "labor of love" or else why would they continue to do what they have done so well for so long?

Second, thank you to my senior class colleagues on council. Thanks to Tom Egan for his buoyant optimism and spirit of enterprise. I've lost count of the number of times that Tom said, "How about we try …" at the end of a telephone line, providing just the antidote to the issue of the day. It must be the North Carolina sunshine in his voice. Thank you, as well, to Martin Bélanger who has been one of the few constants amid the shifting sands of our investment symposium over the past few years. Martin is blessed with an enviable clarity of thought and purpose that, combined with his industry, has rendered his many contributions simply indispensable. *Merci beaucoup a tous.*

THE ROAD AHEAD TOGETHER

It's a fact of history that I wrote my first piece for *Risks & Rewards* back in 1999 during Richard Wendt's tenure as newsletter editor-in-chief. And three short years ago, Tom Anichini asked whether I'd care to run for council. That's roughly a 15 year arc from writing a rather fluffy newsletter article to serving as your section council chair.

It wasn't really possible at the outset to foresee where my Investment Section volunteerism might lead, and how much I would learn along the way. I'm still glad that I contacted Richard to ask what had happened to the 1998 edition of the investment triathlon—which had been an interesting diversion in each of the preceding four years. And he was dead right to tell me that if the triathlon was going to happen again that it was up to me to do it.

I wonder if you, too, might consider—in the best sense of actuarial adventure—beginning your own volunteerism journey by taking the essential first step? For example, by writing a short item for the next issue of *Risks & Rewards?* And if writing's not really your thing then let's find some other way to get you on the road. At present, we definitely have many more section opportunities than volunteers. Join us—the actuaries mentioned in this newsletter and others too—so that we may work together to ensure that the Investment Section matters. ■

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