

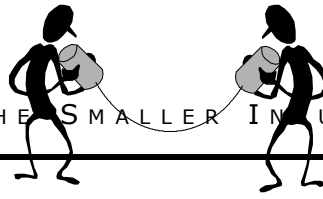


SOCIETY OF ACTUARIES

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# Small Talk Newsletter

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### Small Talk from the High Chair

by Edward J. Slaby

In the introductory piece I wrote for this newsletter as the incoming Chair of the Section Council, I commented on the enjoyment of actuarial work and promised to expand on this topic in a future issue. Well, time flies and the editor's memory is long, and so what follows will, I hope, redeem that promise.

Recently I was interviewed by a consultant that had been retained by our CEO to advise on the latest installment of strategic and operational planning. I knew that his major interest was in the organizational structure of the company, and, in particular any opportunities for Doing Things Differently, which is to say with fewer people. So it was disconcerting to have him ask, with his first question, whether I considered my work to add anything to the overall benefit of humankind. He was smiling as he asked this, but I was intrigued and disconcerted by his choice of question. What on earth did this have to do with anything? I replied somewhat defensively that I saw my role as a technician and manager involved with the design and management of systems to transfer and spread financial risk, etc. Later, I thought of all the clever retorts and more elevated sentiments I could have expressed, but, as usual, wit came with a lagged response.

This experience was reminiscent of a similar line of questioning. What do you do at work, Dad? Do you like it?

Let's consider this by asking the following question:

Do actuaries love their work and believe it is inherently good? Or

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### Gramm Leach Bliley Survey

by Edward J. Slaby

During a recent meeting of the Smaller Insurance Company Section Council, the discussion turned to the effect of the Gramm-Leach-Bliley Federal legislation on our member companies. This bill, which became the law of the land in 1999, seemed at the time full of ominous portent for smaller size companies in the life insurance business. We decided to survey a group of people likely to have a privileged viewpoint on this issue, namely you — our membership. A survey questionnaire was prepared and placed on the Society of Actuaries Web site, with a blast e-mail sent to our membership to provide them a link to the survey response document. Your response



was excellent, with 235 replies out of a universe of 660 potential responses.

As promised, here are the results of this survey. Six out of seven questions required a yes/no response. These questions are shown in the table below, followed by the percent of the responses which were affirmative. Question 3 offered a choice of three responses, and the percent of the responses for each choice is shown for that question.

#### Question 1

The Financial Services Modernization Act (FSMA) has removed restrictions on banks affiliating with securities firms and insurance companies. Since passage of this law has your company had or considered any proposals by banks for affiliation?

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even: Do actuaries feel fulfilled as men and women? Some would say that work should not be expected to be a source of fulfillment. We work to provide the means to a life, not life itself. But I have known enlightened human resources managers who recognize that we spend the majority of our waking hours somehow involved with work, and that workers should have a sense of fulfillment in exchange for this investment of time. I believe that fulfillment begins with a sense that our labors add to the overall benefit of our fellow humans. We can point to the great good done by actuaries in the invention and elaboration of the legal reserve system. This is a wonderful achievement, with many stories that are the stuff of legend in our profession, beginning with the heroic

to this system, and its own lore and heroes. We carry this torch to the next generation. Long may it burn!

On an everyday level, what is the nature of the actuarial experience? What is it like to be an actuary now, at this time? A number of years ago, I attended a meeting of a local actuarial club in the Southern city where I lived and worked. I recall the fulminations of a retired member, a former officer of our Society, who railed against the materialists who were taking over the insurance business. I suppose he meant businessmen who were primarily profit driven, as compared to the folks who ran the evangelical insurance organizations he remembered from his actuarial youth. I mention this simply to highlight the fact that this business has undergone and survived many changes, both external and internal, and it is the

We should be mindful of how much fun we are having in our work. We can be gratified by the important contributions that we make for the welfare of society. We are constantly challenged by important problems and need to use all of our creative abilities to effect solutions. And we're paid well, in addition!

The young actuaries that I know have a lot of enthusiasm and pride in their work, and have the same craving for achievement that has always characterized this profession. They can be confident that actuarial work will continue to be a source of enjoyment and satisfaction to its practitioners.

You see, my daughter, I find ways to keep promises. And I do like my work. A lot!

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struggles of Elizur Wright, and continuing to our day in the judgment calls made by Valuation Actuaries who annually do an asset adequacy analysis of their company's reserves. This system, now elaborated to keep up with new financial products and increased investment volatility, has been an actuarial triumph. And every practice area — pension, health insurance and others — has its own counterpart

destiny of each generation of actuaries to cope with the changes that come their way, as they have for so many ratebooks. With these changes comes uncertainty, but also, as compensation comes, the opportunity to be creative, which I propose is the main delight of our work, or any work. Every day, we are blessed with situations that engage our creative faculties, and the creativity we apply to solutions is the most important contribution that we make to our employers.