



SOCIETY OF ACTUARIES

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COMMITTEES

Editor's Note: This is the fourth report on the operations of the Society's Committees. Mr. Boothroyd is Chairman of the Public Relations Committee.

A member's term of service on any Committee is generally limited, because the Society desires to have as many individuals as possible take an active part in the work of the Society. Members are invited to volunteer for service on any Committee in which they are interested and should send their names to the Secretary.

PUBLIC RELATIONS COMMITTEE

by Herbert J. Boothroyd

The Public Relations Committee is responsible for promoting interest in the actuarial profession among students and for improving public awareness and understanding of the profession.

There are five activities aimed primarily at interesting students in an actuarial career.

The Subcommittee for Relations with Colleges and Universities develops and maintains relations with colleges and universities. The membership is organized on a geographical basis, with each member assigned an area as chairman to coordinate and lead the activities of many volunteers, typically one actuary for each college with potential actuarial candidates.

This actuary builds a continuing relationship with all those at the school who are in a position to publicize and influence students' career selections. Related duties of this Subcommittee include a new manpower study to determine future needs versus the anticipated supply of actuaries, which is particularly important in view of the marked change in employment opportunities in competing fields.

The Society co-sponsors with the Mathematics Association of America an annual High School Mathematics Contest. This is handled through the Public Relations Committee, one member being designated to maintain liaison with the Association. Many actuarial clubs and employers of actuaries follow up on the high scorers in this contest by providing information on actuarial careers and often prizes and career demonstrations.

The Subcommittee for National Science Foundation Summer Institutes op-

erates through an area network similar to that of the College Relations Subcommittee. The program sets up a Career Day for high school math teachers attending a Summer Institute, typically with one or more nearby employers of actuaries, and offers follow-up career information. The objective is to reach high school students in many scattered localities through the teachers gathered at a Summer Institute.

The Subcommittee to Expand Contacts with High Schools is developing further programs to inform high school students about actuarial careers. We believe that career recognition is more effective if students first hear of the profession before they have chosen a college or have received considerable career counseling. Career information and speakers are now furnished through outlets obtained from the National Council of Teachers of Mathematics and several organizations of high school guidance counselors.

The Subcommittee for Minority and Disadvantaged Recruitment has developed national support for a program initiated by the Actuaries Club of New York. Students at black colleges are recruited for a summer program designed to prepare for Part I, and summer and permanent employment opportunities are widely publicized.

In all of these career recognition efforts, the Committee relies on the valuable help of many volunteer actuaries, not members of the Committee, who speak before and meet with various groups and arrange for Career Day visits with insurance companies and consulting firms.

Widespread distribution of written material is made. Two Society publications, both developed by the Public Relations Committee, are extensively used: *So You're Good at Math*, designed to acquaint students with the availability of actuarial careers and to encourage further exploration, and *The Actuarial Profession*, designed to give an in-depth appreciation of actuaries as members of a profession.

One could view the purpose of our Committee as efforts to assure a strong supply of, and an equally strong demand for, the professional services of the actuary. The Subcommittees described so far are all involved in efforts to assure an adequate "supply." The Subcommittee on Publicity carries out our responsibility to make the profession and its im-

portance to society better known; these are efforts to assure the "demand."

Widespread career recognition activities have been established over the past decade, and a similar broadened effort is now under way on professional publicity. Our new program of activities is based largely on the analysis of needs recently made by the Committee on Professional Development, which pointed out that the first step in achieving the desired public recognition is to improve the actuary's self-image and desire to be known. This requires agreement on who we are and what we want the public to think of us.

We hope to achieve agreement that we want to project the actuary as a member of a profession (as opposed to a member of a trade association or as one in management training) and that the unique professional skill of the actuary is his expertise in the measurement of risk and the spreading of the consequences of risk. There is quite a variety of publics who, we believe, should know more of what an actuary is and what he does, beginning with our own families, our clients, the insured public, the business community, government, and other professions.

We hope that the development and distribution of a Speaker's Kit to all members of the Society will help to achieve these objectives. Because we want to project a professional image for all actuaries, we were pleased to obtain the participation of the other national actuarial organizations in developing this kit. It will contain the following:

(1) Ego-boosting material to give each member confidence in the value of the profession to society.

(2) Techniques for using definitions and illustrations of the profession in person-to-person discussions.

(3) Several detailed approaches, including a tape cassette and case studies, which a member can use in speaking at high schools and clubs.

(4) A publicity idea book for actuarial clubs to use in promoting the actuary's image locally and for use in specific community projects.

It is our hope that the dialogue necessary in the development of the kit will help improve the actuary's self-image and that its subsequent distribution will encourage each member to share in building public awareness of the profession.

(Continued on page 5)

Public Relations Committee

(Continued from page 4)

The Committee has written many articles, provided assistance to authors, and handled numerous requests of a public relations nature which have been made to the Society.

Many of our activities involve liaison with other groups, sometimes to coordinate activities and at other times to join forces in a common effort. Continuing liaison is maintained with other public relations groups: the American Academy of Actuaries, the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Conference of Actuaries in Public Practice.

These groups have joined us in joint development of the Speaker's Kit for the benefit of the entire profession. Our college and high school area chairmen rely heavily on the assistance of local actuarial clubs in obtaining volunteers and in arranging Career Days. Efforts are under way to establish a continuing liaison with the clubs on all activities. Liaison is also maintained with the Education and Examination Committee, the Press Committee, and with the Mathematical Association of America.

Committee members generally serve for three or four years. However, many actuaries will serve for quite a few years in working with a particular college, or simply as volunteers for activities outside of formal Committee membership.

The success of any public relations activity depends on the contributions of many actuaries at all levels. Associates with the time and interest are equally welcome, and all actuaries are encouraged to volunteer for any one of the several entry-ways into this work. We particularly want the participation of the younger members, because our activities must relate to students and to the Society of Actuaries as it will be in the future. These activities contribute to the well being of our profession and make a fine business experience for the individual actuary as well. Experience is gained in meeting a variety of publics, in getting ideas across, and in accomplishing results through a variety of often complicated paths.

We hope that each member of the Society considers it part of his professional duty to be alert to every chance to build a stronger public image. □

Ab Initio

(Continued from page 1)

ton, then President of the Provident Mutual Life.

The genesis of Social Security in America occurred in the depth of the Depression, 1934-35. The original emphasis was on unemployment, and resulted in a "shot gun" marriage of the federal government setting forth standards of coverage, and the states establishing plans to meet these standards in order to get federal subsidy. Thereupon the emphasis became poverty prevention for the aged, then a hot political issue, with flames fanned by the Townsend Plan agitation.

The original concerns in planning for OASI as a national, compulsory, and contributory plan, providing benefits as a matter of right, were its constitutionality, state plans vs. federal, the proposal to permit contracting out, and the financing basis pay-as-you-go vs. full reserves. Fortunately all the right decisions were made. The Social Security Act was passed in 1935, with the first pensions scheduled for payment in 1942. In May 1937, just after the Supreme Court ruled favorably on the constitutionality of the Act, the first Advisory Council was convened on an official, but ad hoc basis, to study the scope and benefit structure and related questions. Starting in 1940, there was a liberalizing of the benefit structure, together with the inclusion of pensions for wives, widows, and surviving children. All this was a fundamental departure in favor of social need from the individual equity concept of a death benefit consisting of the refund of tax contributions.

This departure from private insurance concepts has become an integral part of all subsequent Social Security planning. It is the "American Philosophy" about which the book is concerned. Other distinguishing characteristics of the American system are: (1) the provision for graduated contributions and benefits, rather than a flat benefit for everybody; (2) the financing on a 50-50 basis by employees and employers, without specific governmental contributions; (3) benefits based upon average annual earnings, up to a stated maximum without regard to the number of years of service, and; (4) contributory old-age insurance forming a middle layer between relief or assistance on a needs-test

basis, and an upper layer provided by private mechanisms. The benefits under the implied Social Contract are not simply proportionate to contributions, but are weighted in favor of lower paid employees. This weighting can go too far, by lowering the eligibility requirements, or by incorporating relief payments and thereby making them ever-afterwards contractual. On the other hand, the contributory financing feature has served as a brake on unsound enrichment of benefits undertaken perhaps for political expediency.

The author devotes considerable space to the cautious approach to total and permanent disability income benefits and the administrative safeguards. There are also the work rules affecting retired beneficiaries, where the social concept of need comes into play, modifying what otherwise might be the automatic payment of benefits.

The plot gets exciting when the author airs his views on Medicare which, through the accidental overplay of its hand by the American Medical Association, has been divided into Parts A and B. The power of an obdurate and entrenched minority to hold back progress of the vast majority of a people, is said to characterize the A.M.A. The author suggests that it was selfish mercenary reasons which induced the A.M.A. to attempt to defeat the social objectives of health care for the aged.

The book points out that political activity in support of compulsory health insurance began in 1912 under Theodore Roosevelt, originally with concurrence of the A.M.A. Later the A.M.A. proclaimed the evils of "socialized medicine", and perpetuated non-competitive Victorian horse-and-buggy medical practice with its lucrative "piece-rate" *ex parte* determination of fees and the need for hospitalization, consultants, and other services.

The purchaser of medical services, says Dr. Brown, embarks upon the procedure of putting himself into the hands of 2nd, 3rd, and many other persons, without mutual responsibility on their part for total costs. It is as if the buyer of a car, after driving it home, received a succession of bills from the maker of the engine, the body, the wheels, and other parts, at prices they saw fit to

(Continued on page 6)