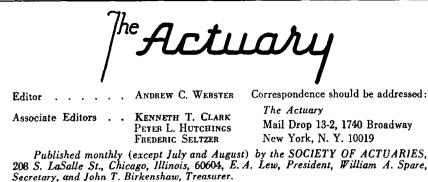


SOCIETY OF ACTUARIES

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AMENDING OUR WAYS

Before the summer is over, the Fellows of the Society will be asked to vote (by mail) on amending Articles II and X of the Constitution. Article X is scheduled to expire in December 1974. In effect, it is proposed to delete from Article II the second paragraph which states: "No resolution expressive of opinion shall be entertained at any meeting of the Society of Actuaries" and to change Article X to omit the expiry date and to continue the amended Article as a part of the Constitution.

Perhaps the first question that comes to mind is "Is it necessary for the Society to take a public position on the actuarial content of any matters within the area of public interest?" Without answering the question some comments might be in order since it is now seven years since an amendment to the Constitution was first proposed and four years since Article X was adopted.

The paragraph in Article II which it is now proposed to delete, appeared in the original Constitution of the Actuarial Society of America. It was adopted to avoid criticism of individual companies or individual plans of insurance since such criticism and debate might prove fatal to the infant Society. Times have changed and the reasons which obtained in 1889 are hardly valid today, although that does not ignore the possibility of some other controversy bringing forth divisive criticism. One deterrent might be that the Society now has written Guides to Professional Conduct which are binding upon all members.

An internal change from 1889 is that the actuarial profession is now seeking public recognition and with such recognition there may go a responsibility to keep the public informed on the actuarial content of matters of public interest. An external change is the greater public, governmental, and consumer interest in the insurance companies and in pension plans. This interest is bound to extend to the position of the actuary in insurance and pensions as well as in public matters.

The arguments for the Society changing its position are well set forth by Mr. Walter Klem in TSA XIX, page 332. Mr. Klem was Chairman of the Committee on the Future Course of the Society. This reference is recommended reading before voting on the new amendment and the reading should be extended to the discussions of the Report to be found in the same volume. Nearly all the pros and cons still hold and are still relatively valid (the use of a mail ballot has overcome one of the objections to the change). The end result, as most members know, was that the proposed amendment failed to get the necessary majority. Subsequently in 1970, an amendment with a time limit was approved.

More than one speaker in the 1967 discussions suggested that it was unwise to trust a Board of Governors (not the incumbent Board of course) to refrain from political polemics and perhaps the fact that most members work for insurance companies would tend to encourage identification with the views of the insurance companies. It was pointed out that very few national plans or proposals involving actuarial matters are free from political bias and emotion and even if the Society gave an unbiased opinion, such opinion could be ignored or possibly misinterpreted to buttress a political position.

The original Article II of the Constitution permitted expressions of opinion by individual actuaries and there is no prohibition on the part of the Society against these individual actuaries making statements in public and appeari before public bodies. The Society, however, cannot dissociate itself entirely from the actions of the members and there is already an example this year of a public body appealing to the Society on a matter of the differences between two individual actuarial opinions. In other words, the Society has a responsibility for its members and from one point of view it might as well take on even greater responsibility and speak as nearly as possible with one voice.

Since 1970, when Article X was adopted, there has apparently been no need for the Board of Governors to invoke the procedure under the Article. This is unfortunate because a test might well have shown the worth of the change in the Constitution. The wording of Article X contains certain safeguards against the rash issuing of opinions on any subject.

It has been suggested that even limited opinions issued by committees under the authority of the Board might still be accepted by the public as opinions of the Society. This perhaps is a risk worth running because it is probably better the be definite and recognized than to be nored and forgotten while other and less competent individuals make their voices heard throughout the land.

The question of the public role which the Society might play now and in the future is not an easy one to answer. Perhaps it is not unreasonable to assume that a majority of the members feel that the Society can contribute in some way to the clarification of subjects or issues with an important actuarial element or component. We should not overlook the helpful assistance being given by individual actuaries to Federal, State, Municipal, and other authorities. But we should ask ourselves whether their efforts adequately outweigh the views of the alleged experts, in some field other than actuarial science, who are listened to by public bodies. If a majority of our members feel that the Society should make its voice heard, some means must be found whereby the Society can go on record when it should.

The suggested amendments may or may not be the answer. The main point is that the problem cannot be nored or put aside and we urge each Fellow to give the question very careful consideration before he casts his ballot.