



SOCIETY OF ACTUARIES

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## AN EDITORIAL BY THE PRESIDENT

A PLEASANT duty of the President of the Society of Actuaries is to address actuaries' clubs throughout Canada and the United States. For this purpose we have prepared a talk which is literally canned, being contained in a slide-projector tray. The message itself should not be constrained, however, and we take this opportunity to bring it to the attention of readers of *The Actuary*.

Actuarial Science is a service to the public at large. If the profession is to prosper in the future, it must keep sight of this basic (but often forgotten) fact. Service to that public has included the profession's role in the development of: Individual Life and Health Insurance (the First Security System); the Group Insurance System; the Private Pension System; and Social Insurance Systems. But in recent years the profession has become myopic about this basic fact and has turned to inward-looking concerns such as these: rules about the manner in which public expression of professional opinion should be restricted; guides to conduct; definitions of "professionalism"; "independence" of the actuary; and restructuring of the actuarial profession. All with merit, perhaps, but certainly not in the mainstream of service to the public.

We cannot restrain ourselves from further comment on that last inward-looking concern: restructuring of the actuarial profession. In the words of Lord Tennyson, this matter should be approached "very carefully and slow." Or, putting the point in a Scottish idiom, our advice would be: "Ca' Canny."

How is the actuarial profession going to return to its mainstream — to service of the public at large? Areas of future service abound, because of the present problems of society. There is quite a "little list" and while, like Ko-Ko in *The Mikado*, we would rather leave to the reader "the task of filling up the blanks" several mainstream services do deserve to be mentioned. The most urgent task facing the actuarial profession in its quest to serve the public is the bringing about of needed changes in the methods used on this continent to determine cash and nonforfeiture values, and in the procedures used to measure solvency of companies. Both sides of the balance sheet need attention!

With regard to the massive Health Care problem, we hope that the actuarial profession can make a substantial contribution through work on such matters as "profiles." [A "profile" is a detailed statement, within a range, of the medical care which is economically desirable for a given ailment]. Lastly, we are hopeful that the actuarial profession can make a meaningful impact on the inflation front, through the "indexing" route.

For the actuarial profession, the past is prologue. The main action lies in the future.

J. M. Bragg

## LETTERS

### Actuarial Economists

Sir:

Professors Kaplan and Weil have replied in the September issue to my review of their report to the Treasury Department, *An Actuarial Audit of the Social Security System*. My major criticism of the report was that it presented very little that was not already known to the Social Security Administration actuaries and other knowledgeable individuals. This criticism is not answered in the reply. I do not consider that economists who are not also actuaries are actuarially competent to make an actuarial audit, and I personally deplore the Federal Government employing non-experts in any scientific field of endeavor.

Messrs. Kaplan and Weil complain about my not having "the professional courtesy of sending us his comments on our study in advance of its publication" and instead only circulating extensive written comments privately. My comments were presented in a memorandum of August 10, 1974 in my capacity as a consultant to the Subcommittee on Finance of the Advisory Council on Social Security. Mr. Kaplan was also a consultant and had submitted the Kaplan-Weil draft report to the Subcommittee. I had understood that my memorandum was made available to the Subcommittee and to the various consultants concerned. Since the memorandum was prepared under the auspices of the Advisory Council, proper actuary-client relationship would forbid my distributing the memorandum on my own. Professor Kaplan could, I think, have directly requested review of their preliminary draft by the actuarial consultants to the Advisory Council.

As to my criticism about the considerable amount spent on the study, I was not denigrating the ability of the writers in their own professional area, or ignoring that they might have spent a considerable sum on the project, or claiming that the time spent was insufficient for the fee charged. My point is that any federal expenditure of this magnitude for such negligible results was a good example of how the Federal Government is wasting money on research grants of questionable value.

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