



# The Actuary

The Newsletter of the Society of Actuaries

SUPPLEMENT

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## REORGANIZATION OF THE ACTUARIAL PROFESSION

APPROXIMATELY 60 letters were received in response to the invitation in the May issue of *The Actuary* devoted to a description of proposals for reorganizing the profession. To further a continuing dialogue on this subject of so much importance to the actuarial profession and to individual actuaries, this special issue of *The Actuary* is being published. It consists of a sample of about 30% of the letters received, chosen so as to present as effectively as possible the various points of view expressed. There was nothing like a consensus. Most letters expressed several thoughts or ideas. There was some repetition, as can be seen, but no attempt was made to achieve a weighted sample in this regard. The object was to present the widest range of views with minimal editing.

The Editor of *The Actuary* and the Actuarial Reorganization Committee have read all of the letters carefully and are most appreciative of the contributions of those who gave thought and effort to expression of their ideas.

The Committee will present its report to the Board of Governors at the Toronto meeting, and all of the ideas contributed will have been considered in the framework of the Committee's view of what the problem is and what constitutes a solution. It is safe to say that continued discussion of the question is called for.

Sir:

In general I lean toward the Bragg approach but the Trowbridge proposal makes some sense too. My opinion is that the body representing life actuaries and the body representing casualty actuaries need not, and in fact should not, be the same body. I am strongly in favor of the coordination of the two bodies in the examination route. I think that the two bodies should get even more closely associated socially and communicate more than has been done in the past, but basically they are different organizations with different responsibilities and each has more to lose than to gain by losing the formal identification with one or the other as opposed to a combined body.

I feel the same is true with regard to the United States and Canada. Our Society is stronger and better because it encompasses both countries but I don't believe that is the point in this future reorganization. Here again, the examination procedure can and probably should be identical and communication should be as great or greater than in the past. What we are talking about here though affects state and federal regulatory authorities, our image with the general public — and I include consumers with the general public, our lobbying approach (it should not be a dirty word — we have just simply lost a lot of the influence that we should have by our inability to do this), and our status vis-a-vis accountants and lawyers.

James A. Anderson

Sir:

I don't consider myself an expert on the reorganization question. But based on some superficial thinking, my reaction is that the two-body proposal is vastly superior to the three-body proposal. I have served on the boards of both the Society and the Academy. I find it very disturbing that so much time and effort and talent is spent on questions of relations between the two organizations. It seems to me that the three-body proposal will essentially perpetuate this situation. There certainly would continue to be considerable duplication of work if the Academy and the Society both survive.

Furthermore, I don't see how in theory you can separate the accreditation and certification function from the education and examination function. How would one handle the problem if the body responsible for accreditation premised accreditation on educational experiences and examination standards significantly different than those set by the body responsible for education and examination? Would not the body responsible for accreditation have to establish its own education and examination system which to a limited extent is, of course, the situation today.

I recognize that the two-body approach complicates relationships between U.S. and Canadian actuaries. I assume under the two-body approach the bulk of the examinations would be jointly sponsored by the two bodies. Perhaps the Trowbridge proposal needs further investigation as an approach which minimizes the problems under both the three-body and two-body proposals.

Dwight K. Bartlett, 3rd

Sir:

The May supplement to *The Actuary* discusses the reorganization of the actuarial profession. As a member of seven actuarial organizations, I am most interested in the reasons for reorganization and the specific proposals. As general reactions to the proposition:

(1) First and foremost, the proposals are too brief for such an important subject. I urge that a detailed position paper be submitted to the membership developing the proposals at some length.

(2) I would appreciate a prologue on the proposition of urgent need vs. change over a period of time.

(3) I would have preferred a seventh reason for reorganization, in addition to the six listed, and that is to strengthen and expand upon the education and training of the actuary.

In reference to the specific proposals:

(1) The Trowbridge proposal seems to have a fatal flaw. It is unlikely that Canadian actuaries will be willing to give up their separate organization.

(2) The Bragg proposal looks interesting but needs to be expanded and the details provided.

(3) Throughout the world, the premier actuarial organization in the United States is considered to be the Society of Actuaries. In any reorganization, the name should be retained.

(4) The Committee, described on page 4, has no employee benefits consulting actuary included, and this should be remedied.

In summary, it hardly seems fair to consider such a momentous change, as a reorganization of the actuarial profession in the United States and Canada, based upon the information presented in the May 1976 issue of *The Actuary*. The various memberships need and deserve more detail, time to consider the merits of each proposal and time to make a choice.

Barnet N. Berin

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Sir:

I have read the material distributed on the proposed reorganization of the Actuarial profession and I gather you have the unenviable assignment of trying to bring order out of what looks like increasing chaos.

After reading the various accounts I am persuaded somewhat reluctantly that some sort of consolidating action needs to be taken. I do not have an additional specific proposal to add to the number that you already have under consideration. However, I do have one specific comment, which seems to be met by the Bragg and Trowbridge proposals, namely that there should be an association of Life and Health. A very large number of actuaries involved in life practice are associated with companies (and I suppose this also applies to consulting actuaries doing company work) offering both life and health insurance. The three and two-body proposals would seem to require an actuary so engaged to be involved in two specialty interest groups (and with the pension group as well if his company is at all active in individual or group pensions). If many actuaries find it necessary to qualify

under all the specialties I think this could have the effect of bringing in the casualty aspects not related to health insurance as a significant additional requirement for attaining professional membership.

Perhaps, those who now work in casualty companies, many of which issue some health insurance coverage, would have a different viewpoint. In any case the overlapping of specialties is something to be considered very carefully and should not have the effect of substantially extending the examination requirements.

I am sure these thoughts are not new ones but I thought I would pass them on to you for whatever they are worth.

Robert P. Coates

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Sir:

I am a member of the Academy Standing Committee on Services to Enrolled Actuaries. We have been actively pushing the Academy to respond to the needs of *all* enrolled actuaries. Affiliate membership was only a compromise position as far as most of us were concerned. But, we must clearly acknowledge active and positive support from the Academy Board for our vigorous actions. We are currently trying to consolidate our initial efforts for the longer-run activities.

In reading over the reorganization proposal as printed in *The Actuary*, these thoughts occur to me:

(1) **ASPA** — Nowhere is ASPA mentioned! As distasteful as it is to many of our professional colleagues, this new body of outlanders is not going to go away and die. In case you're not aware of the enrollment struggle under ERISA ASPA beat the hell out of the "senior" bodies. They lobbied better, reacted faster, were more articulate, etc. We could not seem to get our act together, despite fine efforts by a few alert, concerned people.

I feel, as do many on the Standing Committee, that we must deal with the realities of the situation. I think it's better to bring the non-affiliated enrolled actuaries into the establishment, clean them up and enhance their professional capabilities so that eventually we'll be happy with their professionalism. Hence our membership recommendation. We are trying to aggressively compete with ASPA for these unaffiliated people. So far, the results are good.

But long-term, I think we must consider bringing them into the actuarial establishment, at least the qualified people who are in the top two ASPA membership categories. This will end the proliferation of actuarial bodies. But more importantly, it would give the profession one voice to speak to the government. Until we do that, we have no chance of controlling our destiny in this new accreditation area. Remember, ERISA did in one stroke what the Academy could not do in ten or more years. And, of course, we didn't get exactly what we wanted, at least partly because ASPA was so articulate.

Therefore, I say that ASPA must be some part of this reorganization. I know it complicates matters, but they're here to stay.

(2) **Experience Requirements** — Maybe I missed but it seems that the current levels of experience requirements have been largely eliminated. I don't think that's a good idea.

Now that I'm older, I see that examinations don't necessarily denote competence (only the potential for same).

(3) **Various Proposals** — Some of the nuances of the alternatives are lost on me. I know that many in the Society are up tight about losing their identity, especially as a result of the Academy's more aggressive moves in the last few years. But, thank God somebody will get up and react. You know my feelings about our professional hierarchies. Let's try to minimize the layers and proliferation as much as possible. Therefore, the Trowbridge proposal has the most surface appeal. One voice and one overall guidance is much preferred.

A. Norman Crowder

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Sir:

Here are a few comments about the reorganization of the Actuarial profession.

First of all, I should say that I am a Canadian who values very dearly my membership in the Society of Actuaries and in the Canadian Institute of Actuaries and would expect it to be very difficult to replace the benefits I have received from both organizations.

I am therefore strongly in favour of the "three-body" approach. I feel that any danger of proliferation or overlap could be minimized with the proper amount of cooperation and understanding.

I would repeat that I am a strong supporter of the Society of Actuaries. At the same time, I would think it very unlikely that Canadians will give up the autonomy they have obtained in certain areas with the creation of the Canadian Institute of Actuaries. The problems appear to be mainly a United States problem and perhaps they will have to be solved as such.

I have many friends in the United States but it seems to me that there are some guarded interests at stake between the Academy and the Society, but I don't think the same thing could be said about the relationship between the Society and the Canadian Institute.

Up until last year, the President of the Academy has always been the President or Ex-President of one or the other U. S. bodies or the Society. Bob Winters' appointment as President-Elect last year changes this. On the other hand, although it is a strain on the memory, any Canadian who was ever President of the Society of Actuaries has already been President of the C.I.A. or its predecessor organization.

I have had some experience on joint committees and while joint committees serve a certain purpose, I am not convinced that the joint committee arrangement for the "two-body" proposal would be without problem. My main experience has been with the education and examination field where at times it has been difficult for representatives on joint committees to speak with authority for the group they were representing. As a result there is occasionally a lot of going back and forth before decisions can be reached. Of course, this is always a problem but I feel that the Society's Education and Examination system has worked very well with one central administrative body having the authority to make and implement decisions.

L. Blake Fewster

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Sir:

There are these days many actuaries working full time as pension actuaries, subject to the proscriptions of ERISA. As one such, I offer a few comments on the six reasons (repeated below) given by the Council of Presidents Joint Committee on the reorganization of the profession.

(1) There is a great need for clarification to the public, to government, to employers, to educational institutions, to prospective entrants into the actuarial profession, and to other groups, of what an actuary is and what he does. A unified organizational structure would bring out the underlying common basis of the profession.

**Comment:** The responsibilities and potential liabilities of enrolled actuaries differ fundamentally from those of insurance actuaries. Also, the mental set, views, and sincerely held convictions of consulting actuaries working for fees typically differ fundamentally from those of insurance company executives. These differences in my opinion dwarf the "common basis of the profession" which is the joint use of the arithmetic of life contingencies.

(2) Accreditation has been very slow in making progress, especially in the United States. There is great need for strengthening our position on accreditation. Part of this can be accomplished by the clarification just mentioned. Further steps can be expedited, especially in the United States, if we have a unified profession.

**Comment:** To actuaries working primarily in the capacity of an enrolled actuary under ERISA, progress toward accreditation is likely to be accepted as a reason for reorganization only if the proposed "unified profession" protects the vital interests of pension actuaries.

(3) There is much overlapping of administrative functions, some of which can be eliminated by recommendations already made by this Joint Committee. Further administrative savings can be achieved if we can find ways to better coordinate such matters as meetings, education, papers, and the like.

**Comment:** Reduced expenses are fine, as is "coordination," unless it is a code word for the elimination of services now provided to actuaries. I would particularly oppose an extension of the stifling procedure used by the Society of Actuaries in reviewing papers.

(4) Presently there is duplication on matters concerning guides to professional conduct and discipline. It would be most helpful if there could be a single national body in each country responsible for this area.

**Comment:** Principles and practices and guides to conduct for pension actuaries must in my opinion be formulated by full time pension actuaries, using a deliberative process that takes into account the responsibilities, potential liabilities, and conflicting viewpoints of pension actuaries. Proposed rules, potentially dangerous and at best unnecessary under ERISA, have been authorized and advocated in recent months by prominent actuaries who are uninformed and not involved in these matters. In my opinion the existence of several professional bodies provides a necessary check on the precipitous adoption of rules.

(5) Reorganization could lead toward fewer total meetings and better content.

**Comment:** Possibly. As the number of actuaries and scope of actuarial work increases, there may be a need for an increased number of meetings. I believe the profession is better served by too many rather than too few meetings.

(6) Clarification and strengthening of national roles may be accomplished without losing the advantages of a strong international professional body.

**Comment:** This is not a reason for reorganization.

Although I do not think that the present competition between the Society of Actuaries, the Academy, and the American Society of Pension Actuaries is a credit to the profession, I feel that the present organizational structure adequately protects my interests as an enrolled actuary and as a consultant. Thus, reorganization to me is not imperative.

I see the complete break with tradition inherent in the "three-body" approach, the "two-body" approach, and in the "Trowbridge proposal" as unnecessary, probably unrealistic, and potentially harmful to the profession.

Each of the six existing actuarial organizations mentioned by the Committee was organized I presume to meet important needs, and I doubt that the vital interests of each membership can be protected by either the two-body or the three-body proposal.

The Trowbridge proposal comes closest to the needed structure, but it is fatally flawed in that it ignores the need of consultants to protect themselves from the differing views of insurance company employees. This is noted, not as a reflection on the sincerity or integrity of insurance actuaries, but because it cannot be ignored in any reorganization.

These proposals all involve radical surgery on the present structure. An alternative would be to build on the existing structure, through by-law changes that would establish and delegate important responsibilities to boards that would function independently in important respects.

For example, a Pension Board would direct the activities of the profession related to pension plans in the United States. This Board would be composed of full time, experienced, pension actuaries. Various committees including a Standing Committee on principles and practices would work under the direction of and would report to this Board. Similar Life and Health and Casualty Boards with appropriate Standing Committees are undoubtedly also needed.

In support of these Boards, I offer the admonition of Opinion A-5 as to Professional Conduct to the effect that a special responsibility rests on each and every actuary to undertake only those assignments for which he is qualified.

*John Hanson*

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*Sir:*

The recent pronouncement by various representatives of the Actuarial Profession in North America concerning this subject, have prompted me to voice my concern on a particular aspect of the problem.

The idea of combining the six Organizations into 1, 2 or 3 bodies (whichever we may choose) is to produce a more

cohesive force to represent actuaries everywhere. If, having done this, we divide our organization into three different groups (G, I and C) each having its own governing body, examinations and qualifications, it seems to me that we are fragmenting the organization even more than it is now. We will have U.S. Life Actuaries, Canadian Pension Actuaries, Canadian Casualty Actuaries (both of them) and even some 'super actuaries' who have passed all specialties (MAAAGIC?)

The trend towards specialties has gone too far and the time when we combine these organizations is the time to eliminate specialties not proliferate them. An actuary in North America should be a person who has taken and passed one set of examinations under which the only possible specialty options cover the two countries, Canada and the United States, which in turn govern admissions into the two national bodies. The examinations should consist of preliminary examinations covering basic actuarial mathematics (which could also be covered via the alternate route) and the final examinations covering individual and group insurance, social insurance, pensions and casualty, each covered in such depth as to give the student an overall understanding of the application of actuarial mathematics to these subjects. The student is now an actuary, which does not mean that he can do anything he likes, as there may still be experience requirements (either in law or in the professional guides) which dictate his actions. He can then choose to specialize or work in all areas (in a small company perhaps).

It seems to me that other professions (doctors, lawyers) have a basic qualification and then, having their basic qualification, they may specialize or not, and if they choose there may be further examinations but they are still called doctors or lawyers which is my basic point.

We can still hold meetings at which insurance, pensions and casualty subjects are covered at different sessions but it seems to me, if we break down our organization at such a basic level as examinations and qualifications then we might as well stay the way we are.

It is interesting to note that the Institute of Actuaries in Britain has gone entirely the opposite way to this proposal for the Actuarial Profession in North America. The Institute has introduced General Insurance into the syllabus and at the same time eliminated any choice of final examination. All candidates take examinations in General Insurance, Life Insurance, Pensions, Social Insurance and Investments to become an actuary.

It seems to me that the Institute has the right approach and that the profession in North America will never bring together all North American actuaries until it takes a similar approach.

*R. A. Haslegrave*

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*Sir:*

This letter is sent in response to your call for comments regarding reorganization of the actuarial profession. First of all, the views set forth herein are entirely my own and in no way represent the position of my firm.

Frankly, I am at a loss to understand how the three-body proposal would fulfill the principal reasons set forth for reorganization.

**Clarification.** I can't see how three sections within each of three bodies (nine in all) would be any less confusing than the six current bodies.

**Accreditation.** There is nothing in the proposal which indicates the new structures would be better equipped to secure accreditation than are the present American Academy and the Canadian Institute. I do not see anything listed under the functions of National Bodies which are not already encompassed by the two existing organizations.

**Administrative overlap.** Isn't there going to be as much, or more, overlap under the proposed structure as currently exists? Wouldn't there, for example, develop an International, or Canadian, and an American individual, group and casualty hierarchy? My impression is that the existing groups have already made considerable progress in this area — witness the sharing of offices between the Academy and Society, joint sponsorship of exams between SOA and CAS, joint pension meeting sponsored by SOA and CAPP, etc.

**Guides to professional conduct and discipline.** If standardization is necessary (or desirable) can't it be worked out as well between the existing groups? I am unaware of any conflicts between the guides already promulgated.

**Fewer and better meetings.** This might or might not be true under the new arrangement. I see nothing to indicate per se that such would be the case.

**Clarification and strengthening of national roles.** Why should the new bodies expect to achieve better results in these endeavors than the American Academy and Canadian Institute?

In reviewing the other proposals, I am inclined to endorse that set forth by Mr. Bragg. It would seem to meet the reasons for such reorganization better than the alternative proposals set forth, especially if a merger between the SOA and CAS could be consummated.

Thank you for the opportunity to comment on this matter.

Walter P. Henry

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Sir:

Of the various proposals in the May, 1976 "Supplement to *The Actuary*," I am inclined to favor the status quo over all of the alternatives presented. Each of the proposals suffers from a requirement that all members of the Academy of Actuaries should be admitted, on some basis, as members of the Society of Actuaries. As a Fellow of the Society of Actuaries, I do not wish to have the Society admit members on any basis other than by examination. At this point, the Society membership is strongly controlled, the body is a respected one and every effort should be made to retain that organization in an uncompromised form.

The "three-body proposal," by way of illustration, would bring all members of the Academy of Actuaries into the International bodies and this would include an unknown number of individuals that the Academy invited into its membership last December on the basis of their having been enrolled as actuaries under ERISA. The Academy membership therefore is a "mixed bag." Some of its members are qualified as actuaries, some are merely insurance specialists and still

others have some talents in other related fields, so that only a part of the Academy membership is truly qualified as actuaries. No group with so loosely controlled a set of membership requirements can hope to speak out authoritatively on professional conduct. Equally clearly, no group with membership standards set so low should be having any relationship with government agencies, let alone trying to speak on behalf of the entire actuarial profession.

The three-body proposal contains a list of functions for the national bodies which should be spelled out separately for the U.S. and Canada. As to the U.S., it is at this point totally unrealistic to expect the national actuarial body to have any real authority in the accreditation, certification or enrollment of pension actuaries. There exists a Joint Board for the Enrollment of Actuaries which is a part of the United States Government. That Board has not only the authority, but also the responsibility for the enrollment of actuaries and it would be politically unfeasible for them to delegate any part of the responsibility to a private organization. Accordingly, the Academy of Actuaries has totally, finally and irrevocably failed in its effort to be the national body which is enrolling actuaries in the U.S., even though the national body in Canada has achieved that status. Since the Academy of Actuaries has failed in its enrollment or accreditation purposes as to all pension matters, there is not much point in the Academy being involved in professional conduct and discipline since we already have a national body, i.e., the Joint Board, which will set its own standards and will carry out its own disciplinary procedures as it sees fit. Furthermore, the remaining two stated functions, namely relations with government agencies and public relations, are basically unnecessary.

In the United States there is really no reason at this time for a Fellow of the Society of Actuaries to maintain his membership in the Academy of Actuaries. Thus it is ridiculous for the three-body proposal to require that FSA's become Members of the Academy. Presumably, while I do practice primarily in the U.S., I could maintain my Fellowship in the Canadian Institute and still resign from the Academy, however, and still meet the requirement of belonging to a national body. In that way I would at least belong to one that does me some good.

As one final comment, the Casualty Actuarial Society is a fine organization aimed at a particular specialty and they have very little to gain by merging it into a larger group. The Fraternal Actuarial Association and the Conference of Actuaries serve particular specialties and do so quite capably. Indeed, of the principal reasons given for reorganization, most of them relate to problems that arise because of the existence of the Academy of Actuaries. While the Academy was established to obtain official recognition at the federal level, it has failed to achieve that purpose and is now an organizational solution looking for a problem. In all honesty your Committee should now stand back and recognize that there is no such problem at this point and consequently recommend the "one less body" proposal—namely just getting rid of the Academy.

As to the list of the principal reasons for reorganization, it seems to me that we already have a strong Canadian organization and a strong international organization; little is

needed therefore to strengthen the national roles. While there is some overlapping of administrative functions, the elimination of the Academy of Actuaries would certainly help. Whether reorganization ought to lead to fewer total meetings is questionable, but at the very least the Academy of Actuaries could stop having meetings.

Reason No. 2 stating that accreditation has been very slow in making progress is a total fabrication. Accreditation has not been slow in making progress in Canada. In the U. S. it is not that progress has been slow but that accreditation by a private organization is no longer achievable. While actuaries may agree that there is great need for strengthening our position on accreditation, no amount of clarification to the public of what an actuary is and does by means of a unified organizational structure bringing out the underlying common basis of the profession is likely to have any bearing whatever on accreditation. I challenge any of the actuaries who have prepared this material to set forth any statements issued by the Joint Board of Enrollment that would tend to support the idea that if we had fewer private groups we could be put in charge of our own accreditation.

The above comments are submitted strictly from my own personal standpoint as a consulting actuary. I have been enrolled by the Joint Board for the Enrollment of Actuaries and that is absolutely all that I need to practice my profession in the U. S. I am a Fellow of the Society of Actuaries by examination and very proud of the achievement. Further, the Society holds educational meetings and publishes papers, research and experience data that is more than sufficient to keep my actuarial tools up to date. The Joint Board imposes its own code of ethics, as does the Society, and I will abide by both. On the other hand, the Academy of Actuaries seems to want to overlay yet another set of requirements on the U. S. actuarial membership. Such activities do not contribute to the advancement of the profession but rather get in the way with make-work efforts which serve merely to confuse. Furthermore, the Academy Board has a history of making important decisions on matters such as membership requirements that are subject only to their not receiving personal letters to the contrary from 10% of their membership within 10 business days of the date of mailing notice of their action. Since the Academy has acted this way in the past, I have no confidence in the organization at this point and certainly am not willing to let any Academy committee take on any of my responsibilities as to professional matters, ethical conduct, etc.

Finally, the discussion of reorganization of the actuarial profession fails to come to grips with reality and admit that the Academy of Actuaries has now become a useless appendage. Certainly there is no real problem caused by the little specialty groups (Casualty Society, Conference and Fraternal Associations) that do serve a valid purpose. Further, throughout the analysis there is a surprising failure to recognize that there really is an American Society of Pension Actuaries and a Conference of Consulting Pension Actuaries as well (also located in Texas).

To summarize, the reorganization proposal evidences a lack of appreciation for the very strong feeling held by every Fellow and Associate of the Society of Actuaries that the

Society is a special organization in that its membership does not contain any individuals who were granted membership for purely political reasons. For many years the Society admitted to membership only those who have passed five or more difficult written examinations. If the Fellows of the Society of Actuaries were asked to vote on the matter, I believe the overwhelming majority would favor a continued limitation of the membership of the Society to those who pass written examinations that are as difficult and thorough as those of the past.

Paul H. Jackson

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Sir:

At the A.C.N.Y. meeting on the merger proposals you asked for written comments.

My main concern, as I said at the meeting, was that the profession move now and on its own to set up a rational organization. We should not wait for legislative developments that will take years — if they come at all.

I believe our thinking should be as follows:

(1) The existence of five separate U. S. actuarial organizations is absurd and indefensible.

(2) C.I.A. membership and professional qualification are synonymous in Canada; this situation cannot and should not be disturbed.

(3) For constitutional reasons and because of the overlap between federal and state jurisdiction, it is unlikely that the Academy will achieve the same result in the U. S. (the other professions have not). There is, therefore, no reason to keep the Academy in existence.

(4) In the U. S., qualification in the pension area has been taken over by the Joint Board and this situation is not likely to change in the foreseeable future.

(5) The Academy has had very limited success in the life insurance area and has hardly scratched the surface in casualty.

(6) A single unified body could probably achieve formal representation on the Joint Board and persuade the N.A.I.C. to establish a similar body to certify/enroll/license actuaries in the life and casualty areas. The Academy membership might even be accepted as the initial list in the life area.

(7) Such a unified body should have casualty, life, fraternal and pension sections initially. Additional sections could be considered later. Sections should operate in the same way as A.B.A. sections, holding individual meetings, publishing their own proceedings and charging separate dues.

(8) It should have only two levels of membership: associate and fellow; any more would be a step back towards the proliferation and confusion we have now.

(9) Enrolled Actuaries and others who qualify in the future in life or casualty work should be brought into the unified body as associates. Such outside qualifications would then become an alternate route to associateship. Other alternate routes might be considered later.

(10) This dilution of the associateship would be resented by A.C.A.S.'s and A.S.A.'s who qualified by examination but the price is worth paying to keep the profession unified. If the Joint Board's post 1975 standards are higher than earlier, the basis for this resentment will be diminished.

(11) Unless present fellows of the Conference were brought into the new body as fellows, many of them would probably vote against the merger. They would not be content to become associates especially as many of them are A.S.A.'s already.

(12) Experience should continue to be an alternate route to fellowship — perhaps ten or twelve years after associateship with a reduction for each fellowship exam passed.

(13) This dilution of the fellowship would be resented by F.C.A.S.'s and F.S.A.'s who qualified by examination but again the price is worth paying; this resentment could be diminished if the new body issued a special diploma to those who qualified as fellows by passing the exams — perhaps separate diplomas for life, casualty and pension specializations.

(14) Published papers or research should also be accepted as a full or partial alternate route.

(15) No member should obtain both associateship and membership by an alternate route.

When formed, such a unified body would obviously include the Canadians. Whether it would still be an international body after x years cannot be determined now and should not affect our present planning. This would depend largely on how Canadian attitudes develop; in particular on whether the C.I.A. decided to establish its own associate category.

Initially, and permanently if the new body remained international, there should be a U.S. section based in Washington and responsible for U.S. qualification and legislative activity.

Brian A. Jones

Sir:

I don't feel the chief concern should be with revamping the various actuarial organizations. I believe ASPA has been successful primarily because it sought political allies at the outset such as Senator Lloyd Bentsen. The failure to keep ASPA members from acquiring the status of Enrolled Actuary was largely, I suspect, a matter of political power, ASPA having achieved it and the Academy not. I am in support of establishing direct political connections and the undertaking of some kind of public relations campaign as well to gain public acceptance and to emphasize the manifestly superior education and training of Society members. In any event, I believe the retainer of an experienced political consultant would be desirable.

The other point I wish to make is that I am coming to feel that the Academy has perhaps reached the end of its usefulness. I see no particular reason for its continued existence.

David Langer

Sir:

In considering the problem of reorganization let's be sure that we identify the "underlying common basis of the profession" referred to in the first of the reasons for reorganization set out by the Joint Committee on Organizational Coordination. If we can't identify this *common basis* — and the present fragmentation of actuaries into groups related to product lines suggests that this will be an uphill battle —

let's quit wasting our time with reorganization into one body and set up a series of specialty groups. I think this would be a disastrous result but it's better than what we'll have if we just keep on bickering.

There is only one AICPA and its members are qualified to handle all sorts of accounting problems. Perhaps actuaries could look to that organization for useful ideas as to how to "qualify" individuals and how to set up a single organization generally recognized as the sole spokesman for the profession.

Now for a look at the proposals outlined in *The Actuary*.

### Three-Body Proposal

Item 3 refers to three specialty interests: Individual, Group and Casualty. These names are the ones I favor but they need careful definition. I do not favor using Life, Pensions and Non-Life. This opinion is based firmly on my experience — limited as it is — as Corporate Actuary for all lines of insurance offered by Aetna Life & Casualty.

I believe it is well to have the examination function rest with either the International Body as suggested or with the National Bodies. As a Member of the American Academy and a Fellow of the Canadian Institute I prefer that it rest with the National Bodies because they will be concerned with accreditation to government and thus presumably with assuring that members understand the applicable laws promulgated by that government. There should as a bare minimum be close coordination and cooperation between the National Bodies in the fields of education, training and examination.

While I think it is a good idea to limit membership in either National Body to only those persons who pass the examinations of the respective bodies, I also believe that insofar as possible the series of examinations should be identical except as to those parts pertaining to the laws of the jurisdictions within which the respective National Bodies will operate. This policy would have made it more difficult for me to attain Fellowship in the Canadian Institute but it would still have been feasible for me to do so.

### Two-Body Proposal

The comments under "Canadian Body" about examinations seem generally consistent with mine above.

I believe that one of the deficiencies of this proposal is that two very dissimilar National Bodies could evolve. I think that it would be a fundamental mistake to let this happen. I recognize that nationalism is a strong divisive force but I think the profession should nevertheless try to rise above it and so overcome it. The Canadian problem is, of course, made even more difficult by the English-French division. How does AICPA handle these things?

### Bragg Proposal

Mr. Bragg proposes we give the Academy a decent burial. Certainly the ineffectiveness of the Academy in carrying out what I had thought should be its mission relative to ERISA gives Mr. Bragg's proposal some weight with me and I would guess with a great many others.

However, it is a step backward from where we are today. At least now Fellows of the Society of Actuaries can meet jointly with Fellows of the Casualty Actuarial Society without the cumbersome invitations, special assessments, administrative compromises and so on that would, in my opinion, be characteristic of attempts of the two Societies to "get together" for an exchange of ideas of mutual interest.

Let's try to keep the Academy even though major surgery and repair may be necessary to enable it to survive.

### Trowbridge Proposal

Mr. Trowbridge's proposed basic structure is quite similar to that of the Three-Body Proposal. I could even buy his proposed names for his "Divisions."

I would prefer to have it possible for an individual to belong to more than one Division and more than one Section. Actuarial statements relative to financial reports of multi-line and multi-national companies make wider membership highly desirable. I think these considerations are becoming more important as the big mutuals enter the property/casualty field.

Furthermore, wider membership is more consistent with the idea of "common basis" than is limitation to membership in a specialty Division.

Like the Sections, the Divisions should coordinate and cooperate in the fields of education, training and examination. This is essential if that "common basis" is to be found.

R. A. Miller III

\* \* \* \*

Sir:

I would like to express my views on a few of the issues which should be considered in connection with the proposed reorganization.

I feel that it is most important that the problem be viewed in terms of the needs of the profession *in the future*. The needs must be defined first, and the organizational structure recommended should be such as to provide a means for meeting those needs. The final structure should meet the needs of actuaries who are working in different product line areas, and should also meet the needs of actuaries who have different types of employers, different national interests, etc. I believe that the needs of some of these groups may have been overlooked in the past — in particular, consultants working with non-insured pension plans, government actuaries, and university actuaries.

In considering any reorganization plan, we should recognize that it is not always possible to separate matters of scientific concern from questions of public policy and regulatory concern. We already have seen many examples of this, such as the following:

(1) **Cost comparisons and disclosure.** The Society of Actuaries did a large study of certain questions in response to a request from the NAIC, which, although it was scientific in nature, was specifically for the purpose of providing information for a regulatory group.

(2) **Social Insurance.** There are many important issues in the area of Social Insurance currently pending in the U.S.

Both the Society and Academy have appointed committees on this subject.

(3) **Professional conduct questions.** Both the Society and Academy must deal with questions of professional conduct. Such actions must be independent, and therefore constantly lead to duplication of effort.

(4) **Meeting for enrolled actuaries.** The Academy and the Conference have sponsored a special meeting for enrolled actuaries. Again, the question arises as to whether this is not the function of the educational and scientific body. The subject matter of the meeting considerably overlapped the subject matter of Society meetings.

(5) **Questions regarding valuation and non-forfeiture.** The Society has just completed a scientific study of the non-forfeiture value system in the U.S. Yet this study is very much built around the legal and regulatory structures and systems within the U.S.

(6) **Financial Reporting.** The Society is currently involved with the valuation question, which is a vital part of financial reporting, but the Academy is dealing with the accounting profession and with GAAP.

The GAAP question, however, still involves both organizations, in that the Joint Committee on Risk of the Society and the Casualty Actuarial Society did a study for the purpose of selecting a method of determining "delta's" for GAAP purposes.

Furthermore, the GAAP situation is one in which the profession failed to respond to an emerging need on a timely basis and, in so doing, lost considerable ground which probably never can be regained.

(7) **Financial reporting — pension plans.** There are questions with respect to accounting principles and pension plans. It would appear that the Academy is handling these, but they can have vast scientific implications.

(8) **Federal government input with regard to the 1980 Census.** This is, again, a scientific matter with government relations intertwined. The Society has received a request from the U.S. Government in this regard.

(9) **Education and Examination.** The Society is the major educational body. However, the Academy has an education committee, and has been involved with the Joint Board with respect to enrollment examinations.

Attempts to define clearly whether the above matters should have logically been handled by one or the other bodies has led to confusion and ambiguity. In many cases, a good argument was made for the proposition that the matter should have been handled by the Society and an equally good argument was made for the proposition that the matter should have been handled by the Academy. Furthermore, in some cases, matters have been handled by both, with duplication of effort, confusion, etc.

In the future, an attempt to split between educational and scientific questions and government relations will only be more difficult. This is true because conditions in the external environment will increasingly cause the underlying scientific systems and methods to be studied and then refined. Government will be increasingly interested in, and in-



involved with, many of these studies because they will concern issues which are involved with the financial well being of Americans. Some examples not already mentioned are:

(1) **Social Insurance.** There are issues involving correcting the deficit, uncoupling, correcting sex discrimination and discrimination against two-worker families, etc.

Furthermore, as the costs of the system continue to expand, the public concerns about cost may begin to outweigh the demand for more benefits, particularly if there is a capital shortage, and/or a declining standard of living.

(2) **Solvency.** Solvency of casualty companies is a concern today. Solvency of life companies may be one in the very near future.

(3) **Health Care Financing.**

(4) **Tort Liability.** The system of tort liability as applied in situations of professional and product liability, and the financing and design of the compensations systems used to reward the injured, may be overhauled.

(5) **Regulation of Pension Plans.** ERISA represented a major step in the government setting standards for private pension plans. Further development of pension regulation would seem inevitable, possibly in the area of municipal plans.

(6) **Risk Classification and Sex Discrimination.** There is currently a great deal of regulatory activity in this area. It appears almost inevitable that the quality of data which will be needed to justify rating systems will increase in the future and that the scientific demands put on the profession to supply the data will increase.

To summarize, there is no way to separate education, research and scientific work from government relations matters. Therefore, I am convinced that the three-body system as proposed in *The Actuary* will not work. I see nothing in it which will reduce more than slightly the overlap, confusion, and competition which exists today and which is sapping the strength of the profession.

The one-body approach proposed by Mr. Trowbridge is a tempting answer to the problem. However, for legal and nationalistic reasons, the Canadians want and need a separate organization, and so the one-body approach does not seem viable.

It is clear to me that the only way to eliminate the problems I have outlined is to have a single membership organization which handles the functions done today by the Society and the Academy. Of the two two-body approaches described in *The Actuary*, the Bragg approach seems by far the better, since it preserves the relationship between U. S. and Canadian actuaries, and since it preserves the name and integrity of the Society of Actuaries.

Anna M. Rappaport

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Sir:

The May issue of *The Actuary* has inspired me to write to express a couple of concerns about reorganization of the actuarial profession.

A number of the Canadian life insurance companies do business both in Canada and the United States. As a result

there are quite a number of actuaries in Canada whose responsibilities require both Fellowship in the Canadian Institute of Actuaries and Membership in the American Academy of Actuaries. Further, a number of these companies have organized their activities internally on a geographical basis and wish to be able to transfer younger actuaries and students freely between the Canadian and U. S. divisions. I recognize the advisability of requiring qualifications on a national basis, but I hope that the time and effort required to achieve dual qualification might be kept to the minimum necessary. Obviously organizational structure can have a substantial effect on the requirements for qualification. In my view, no change in structure should be made which tends to block off the individual actuary's options.

In looking at the specific proposals under consideration, I tend to reject the two-body approach as being potentially too divisive and the Trowbridge approach as being far too confusing. Having sections cutting one way and divisions cutting another way and both reporting directly to the Board seems to be unnecessarily complicated. I believe that we could live with either the Bragg proposal or the three-body proposal. Under the three-body proposal, however, I would suggest that the separation of responsibilities must be clearly definite. I spent two years as a member of the Pension Committee during the period of development and interpretation of the ERISA legislation. During that period, the Academy Committee tended to take responsibility for a lot of development work in areas which might well have been termed "professional policy." I don't believe that there was any real duplication of effort, but certainly our Committee was never sure of the proper division of responsibilities. If the respective responsibilities are not spelled out clearly in the beginning, I would be afraid that the Society might evolve into nothing more than an exam setting body. I believe that the Society has a bigger role to play than that.

F. E. Smith

\* \* \* \*

Sir:

The above subject was discussed in the May 1976 Supplement to *The Actuary*. The purpose of this letter is to furnish to you my comments on this important matter.

There are those who do not feel the need for any reorganization. However, I believe it is necessary to reorganize in order to strengthen the actuarial profession in the U. S. My comments are directed at helping to make a two national-body concept acceptable to all, as well as speaking to the basic need for reorganization.

It has been clear to me for some time that "Unity of the Actuarial Profession" in the U. S. is not only necessary, but today is perhaps more important than unity of education. In my opinion, the actuarial problems of the future, like the present, are going to be associated with the public needs on a national and statutory basis. It is, therefore, essential that there be a strong unified national actuarial organization to represent the actuarial profession in the U. S. This can be best accomplished if all actuaries practicing in the U. S. would have only one organization to identify with and to support. As a result, the actuarial profession in the U. S. would gain strength through unity.

Many actuaries in North America would continue to be members of both national organizations. However, two national actuarial organizations would unite and strengthen the profession in each country and improve the effectiveness of the actuary as a professional.

Any reorganization that involves people must, however, take into consideration both idealistic and political aspects. On the idealistic side, both the Three-Body Proposal and the Two-Body Proposal include two national bodies. The Bragg and Trowbridge proposals both recognize the separate national needs.

The Three-Body Proposal contains a third body that is labeled "international." I have given this careful thought and fail to see the need for this third body which, in operation, would barely be international. Its functions, as listed in the Three-Body Proposal, could be handled by the two national bodies. Membership in this duonational North American body would presumably be based upon passing examinations that would be clearly oriented towards the educational needs of actuaries practicing in two nations: Canada and the U.S. Joint sponsorship and joint administration of actuarial examinations (in fact, joint everything) would be more efficient if this joint venture involved two, rather than three, organizations.

In the Historical Background section in the Yearbook of the Society of Actuaries, we note a quotation which refers to the Actuarial Society of America: "The Charter Members of the Society included actuaries of Canadian as well as American companies. Its international character was strongly emphasized from the outset."

Have you ever wondered what that means? Does it simply mean there is no citizenship or residence requirement for membership? Probably not. I suspect the basic reasons for this duonational character were two-fold. There were not many actuaries in North America in 1889, and there were advantages, primarily related to the education and examination of actuaries, in having one organization for this purpose. Also, many Canadian life insurance companies operate both in Canada and in the U.S., which meant that actuaries in both countries had a common interest in the U.S. life insurance scene.

It appears to me that the reasons behind the "Three," "Bragg," and "Trowbridge" modifications of the Two-Body Proposal are political ones consciously or subconsciously aimed at preserving names such as Society of Actuaries and Fellow of the Society of Actuaries. Except in the Bragg Proposal, names were not mentioned. However, the average reader probably assumes that the "international" body would be called the Society of Actuaries.

The major political aspect appears to me to be one of name calling. People like to be called by the right name, and some would find it hard to adjust to a new one. A rose by any other name would smell as sweet, but I have heard a number of actuaries, in effect, say they want to preserve the existing recognition and prestige associated with the name Fellow of the Society of Actuaries.

Jack Bragg's proposal recognizes this fact. However, the Bragg Proposal, as summarized in *The Actuary*, seems deficient

in some areas. For instance, how would the important subject of Health insurance be handled? Would the U.S. national property and casualty actuary receive no training in Health insurance, and would the property and casualty actuarial profession in the U.S. defer to the "other" actuarial profession in the U.S. on Health insurance? Although the Bragg Proposal mentions that at some future date the two U.S. national bodies might wish to merge, today is the time to discuss that merger.

I believe two strong cooperative national bodies will best serve the professional needs of actuaries practicing in North America. The major reason for reorganization is to help many actuaries in the U.S., but a reorganization should prove beneficial to all in the long run. A suggestion is that by giving the U.S. national body the name Society of Actuaries, this will cause many of those, who might otherwise support the Three-Body Proposal, to instead support the Two-Body Proposal. Also, by creating three Executive Vice Presidential positions on the Board, specifically elected by those practicing in certain areas, with other Board members elected by special interest groups — that the single U.S. national Body would be viable.

Donald R. Sondergeld

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Sir:

I'm writing in reference to the proposals for consolidation of the North American actuarial organizations. I have only one year's experience with the actuarial profession but maybe this is an advantage towards objectivity on the issue. I read all the proposals and feel those of Messrs. Bragg and Trowbridge to be the best of those listed; Mr. Bragg's is probably the best.

My choice is based on the fact that I can appreciate the reasons for consolidation expressed in the section entitled "Background" and feel Mr. Bragg's proposal accomplishes this best with as little drastic shake-up in the two major societies' (Casualty and Life) current set-up as possible.

Being new to the field I still am very curious about it and the simplification through consolidation, as presented in the "Background" section, will be welcomed by me whatever proposal should finally be adopted.

Robert A. Sullivan

\* \* \* \*

Sir:

I have just read the supplement to the May edition of *The Actuary*, and am responding to the invitation to write to you about the structure of the profession. I should specifically like to draw to your attention the existence of a minority sector of the Society's membership consisting of those people (like myself) who reside outside North America, and who become (or remain) members of the Society for a large variety of reasons (in my case, the desire to keep in touch with an important school of actuarial thought and research).

I am rather attracted by the "three-body proposal," and would envisage that my needs could be met by membership in the "international body" alone. None of the other proposals

results in a clear distinction between the "research etc." function and the "accreditation etc." function.

One other thought in the context of actuarial organization. Our profession has a number of bodies all struggling to perform an international function to some extent, and I wonder whether a more generalized study of the problem might prove helpful either to these other bodies, or to the Society? For example, the Institute of Actuaries performs the "education" function for Australia, but there is a separate Institute of Actuaries of Australia and New Zealand which was formed to deal with "accreditation" aspect, and which has now also become involved in examinations. Similarly, both the Institute and Faculty are the learned bodies for actuaries resident in places such as South Africa, India, Pakistan and so on.

*Peter J. Turvey*

\* \* \* \*

Sir:

Regarding the recently published reorganization proposals, I submit the following comments:

(1) The Trowbridge proposal for all its other merits could not hold a single organization together for any length of time. The centrifugal forces operating outside the profession itself are too great to be contained and within a matter of a few years, there would be pressures for accreditation in Canada to be removed from simply a Section of what would be perceived as a United States organization.

(2) The three-body proposal is the one which has most appeal viewed from north of the border. There are two functions clearly separated, i.e., research and education on one side and dealing with the public (including governments) on the other side and there are two bodies to which an actuary would belong for each, the Society for scientific purposes and the respective national body for dealing with the public (accreditation, etc.). These two bodies are also clearly separate because the scientific body is truly international (e.g., holds most of its meetings outside the country, etc.). Viewed from the United States, the separation of functions can still be made, but the separation of the bodies is anything but obvious, since a large number of members belong to both the Society and the Academy. Hence the question: why bother about a three-body approach; specially when the historic background is that the Society has been doing the Academy's function for a long time before the Academy existed and possibly to a large extent de facto even after the Academy's creation.

(3) The Bragg proposal, as best as I can understand it, is a two-body proposal in more detail than the two-body proposal as described.

(4) My personal choice would be for the three-body approach hoping that some headway could be made in transferring to the Academy the prestige that now honours the Society. But I am not saying it would be easy.

*François Vachon*

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Sir:

This is an expression of opinion about the organization of

the profession. My thoughts are fairly disjointed and in some ways contradictory, but I'll list them briefly anyway.

(1) I think we shouldn't start far-reaching changes until we're more convinced than I am at the moment that what is being proposed is better than what we already have. In other words, I'd like a clearer expression of what the specific severe current organizational problems are that the profession faces and why they can't be dealt with by other than sweeping changes at this time.

(2) Assuming that far-reaching changes are called for, I think that the three-body approach will lead to unnecessary overlapping of meetings and committees. This is because it is hard to distinguish pure "scientific" work from, say, government related work, and it will be hard to tell where the international body is supposed to leave off and the national bodies are supposed to take over.

*Julius Vogel*

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*Note: The following is a memorandum prepared by the President of the Canadian Institute of Actuaries for the membership.*

*To Members of the Canadian Institute:*

I would like to report on the various considerations and proposals which have been put forth for the restructuring of the actuarial profession in North America. I would also like to comment on representations which have been made on behalf of Canadian actuaries and with respect to the position of the Institute.

There are six recognized actuarial organizations in North America. There are the two national bodies, the Canadian Institute of Actuaries and the American Academy of Actuaries. There are the two "scientific societies," the Society of Actuaries and the Casualty Actuarial Society. Both of these organizations administer their own examinations (while all six bodies sponsor some or all of the examinations). There are two interest organizations, the Fraternal Actuarial Association and the Conference of Actuaries in Public Practice. The six organizations coordinate their activities through the Council of Presidents and through joint committees.

A few years ago, a joint committee was formed to look into the reorganization of the actuarial profession. This will be referred to as the Bassett Sub-committee (It was actually a sub-committee of another committee). The need for some reorganization was readily apparent in the United States where there was an inadequate identity of the actuarial profession and its members, a proliferation of organizations, and the less than hoped for success in the accrediting of actuaries.

The joint committee report was submitted to the Council of Presidents in September of 1975 based on a "three-body" approach, that is, national organizations in Canada and the United States and an international scientific society. The proposal was to include a considerable restructuring of the Institute. The Society of Actuaries at this time was considering a one-body approach, that is, an international scientific society which would contain within it national divisions.

*On your behalf I rejected any consideration of a one-body approach as it would have removed from Canadian*

actuaries the ability to manage their own affairs. The following five points of clarification were also made:

(1) By and large Canadian actuaries cherish their international ties through their original qualification in the Society and through their continued involvement with the Society.

(2) At the same time many of our members have qualified through Fellowship in the British Institute and Scottish Faculty.

(3) There is a need for a Canadian identity and national organization, not just for accreditation but to meet the needs and aspirations and problems of Canadian actuaries.

(4) Canada is a bilingual nation. As such the needs of the Francophone actuaries can more legitimately be recognized through a Canadian organization than through a North American one which must presumably be unilingual.

(5) The two major problems which have triggered the proposed solutions are peculiar to the United States and do not exist in Canada. These problems are the need for clarification of who is an actuary and the accreditation of actuaries.

The three-body proposal was formally presented to the Council of Presidents at its September Meeting. The Society of Actuaries was very concerned that the proposal would lead to a considerable lessening of the position of the Society and an overlap between the meetings and committees of the Society and the U.S. national organization. As a result of this and other representations the Council of Presidents asked the Bassett Sub-committee to prepare a proposal based on a two-body approach, that is, self-contained national organizations in Canada and in the United States. Such a proposal was presented to the December Council of Presidents Meeting although it was unanimously recommended against by the Sub-committee members.

The Council of Presidents was stalled at their December meeting and the subject was put off until the next meeting (which was held May 10). In the meantime, the Executive Committee of the Academy endorsed the three-body approach while the Board of the Society appointed a high level Committee to examine all possible proposals and to make a recommendation to the Board for its consideration at the October 1976 meeting. (Rob Dowsett is the Canadian representative on this Committee). At the May 10 meeting the Council of Presidents approved general distribution of the Sub-committee report in order to stimulate discussion among our members.

The position of the Canadian Institute as an organization is clear. The Institute will continue to be the professional and accrediting organization for actuaries in Canada and will continue to direct its own national development. The position to take as Canadian actuaries, however, is not so clear. Most of us are members of the Society of Actuaries or the Casualty Actuarial Society and would like to retain full membership rights. We would like to see these organizations remain international. On the other hand, a successful unification of the profession in the United States might require some kind of merger between the Society and Academy which would inevitably lead to a revised role for Canadians.

Many prominent Canadian and American Society members are strongly endorsing the position that the Society must remain international. On the other hand, I have represented (as a personal view) that this position could be shortsighted if it were to lead to the gradual deterioration of the Society as a professional organization (as seems inevitable under the three-body approach). Canadians could live with some kind of two-body approach, if we could work out with American actuaries either (i) joint committees to administer education and examinations or (ii) the establishment under the authority of the national bodies of some kind of international research and educational organization. The U.S. national body would presumably derive from a merger of the present organizations operating in the U.S. Of course all of this is premature at this stage and it may be quite possible to retain a structure which essentially continues the status quo for Canadians.

Council at its meeting on March 9th endorsed the following position for representation by the President and the President-Elect at future Council of Presidents Meetings:

(1) To protect the integrity and interest of the Canadian Institute of Actuaries as a national, professional, accrediting organization.

(2) To cooperate with the other five organizations, and with American actuaries, in arriving at a solution in the best interests of the actuarial profession in North America. This could include the continuation of the Society as an international organization or, if deemed desirable in the light of circumstances, the adoption of a two national body approach with international cooperation in education, examinations and research, and with reasonable cross qualification requirements for membership.

It should be noted that this is the position of the Council of the Canadian Institute of Actuaries at this time. It is not necessarily the position of Canadian members of the Society of Actuaries. I do encourage individual members of the Institute to consider this question and to comment in writing if you have any views. I have committed the Council and the CIA's Executive to go to the membership before any firm position is put forth on behalf of the Institute that would in any way affect Canadian interests. At this stage, discussions are merely exploratory and the representations are very general and non-committal.

As you know, the Institute established a Planning Committee last year under the Chairmanship of Dick Crawford. This Committee has been considering the general implications of restructuring in North America. Their major priorities, however, and those of Council have been directed to developing a planning process for the Institute, to make recommendations of changes in the organizational structure of the Institute, to more effectively develop provincial relations, to consider the relationship of actuaries to their publics, and in general to more effectively represent the professional needs of actuaries in Canada.

R. B. Leck.

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