



SOCIETY OF ACTUARIES

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Actuarial Meetings

Feb. 14, Baltimore Actuaries Club
 Feb. 19, Chicago Actuarial Club
 Feb. 19, Actuaries Club of Philadelphia
 Mar. 13, Baltimore Actuaries Club
 Mar. 18, Chicago Actuarial Club
 Mar. 20, Actuarial Club of Indiana

Hospital, Medical Care

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This did become a shortfall area. Medicare became law in 1966. Even now only some 60% of the aged population have any private coverage.

There was talk of paid-up individual coverage for the aged, but this seems never to have gotten off the ground. An intriguing remark, though, was made by Morton Miller: "Pre-funding of health insurance costs for retired lives is possible through a deposit fund in much the same way as the group annuity deposit administration plan." Shades of today's product phenomenon: Retired Lives Reserves!

The most significant developments in the health insurance world since those days are, in my view, the following:

1. Medicare became law in the U.S.A.; and government coverage in Canada.
2. The U.S. public appears now ready to accept national health insurance for catastrophic illnesses.
3. The health insurance business also is ready to accept national health insurance, provided a major role for the private sector is preserved.

But, does that get us out of the woods? No! Just as in 1959, there is a dominant theme—a *crucial need*; unless it is met, the insurance business can have no future. That need is cost containment. Is this not an engineering service we can render? The principal key is a compulsory limit on the amount of health care rendered; or at any rate, a compulsory limit on the amount of health care being paid for by insurance plans. In a word—"profiles".

Mr. Owen died in 1965. The best way to close this article is to quote a remark he made in that 1959 discussion: "Until we demonstrate our capacity to furnish the services that are needed and desired by the people—on an efficient and effective basis—we deserve to fail." □

ACTUARIAL PERFORMANCE APPRAISED

by Robert A. Lyle

Ed. Note: In their first joint meeting, the Chicago and Wisconsin Clubs undertook a noble experiment—inviting several qualified observers to rate actuaries' achievement. This account, by the Secretary-Treasurer of the Wisconsin Club, may be useful to Program Directors of other clubs.

The panel for what proved to be a timely and lively discussion of the topic, "How outsiders view the actuary," consisted of: a Trust Officer (Clayton A. Boggan, Winston-Salem, N.C.), a recent Insurance Commissioner (Russell E. Van Hooser, Milwaukee, Wis.), and a Home Office Official (Earl J. Borge-son, Milwaukee).

The discussion leader (E. J. Moorhead, Winston-Salem) began the discussion by posing this question: "What should I, and my corporate profession, start doing, or start doing differently, or stop doing, so that we actuaries may improve our performance?" He suggested that actuaries, beset somewhat by tunnel vision, can benefit from "seeing ourselves as others see us."

Initial presentations were on those tasks that actuaries perform well. Mr. Van Hooser said that our greatest strength is our ability to organize, to put facts into analytical sequence so conclusions can be drawn. Mr. Borge-son cited the enormous respect within the industry for our profession and the people in it, and the high public confidence in actuaries. We are often seen as "too conservative" although the necessity for that attitude is understood. Many of us, he said, have ability to listen to others, specially those in marketing, in a constructively critical way. Mr. Boggan related our contributions in the employee benefit field, influencing legislation and educating trust people.

Attention then turned to tasks that actuaries might perform better than we usually do. In the employee benefit field, we were advised not to keep such a low profile but to become more involved with individual customers so that they can

Add: First Ladies

The January issue asked for additions to the list of "first ladies" among actuaries. Here's one:

Cande J. Olsen, daughter of a Fellow, who became a Fellow in 1976.

better understand their plan. We often appear insufficiently sensitive to market needs, and reluctant to get into new, uncertain ventures.

Non-actuaries tend to accept actuaries' numbers as absolute. We must work harder to have our figures and recommendations understood. In presentations to insurance departments we should provide more thorough development and reasoning; insurance company actuaries should seek better ties with our insurance department counterparts.

The final topic was important matters that actuaries tend to neglect. Mr. Borge-son talked about successes and failures in communications between the actuary and the field force; if we communicate well, field reaction is usually positive, but many field people find actuarial communication unsatisfactory. They see us as good at supporting conclusions with facts, but with excessive use of technical mumbo-jumbo. Sometimes we use apparently precise formulas to produce uncompetitive premiums. In short, actuaries must see to it that actuarial science yields results that are usable. Mr. Van Hooser on the same theme pointed to our frequent failure to take a forceful role, as in disputes between the "right rates" and "rates that will sell."

The moderator closed the presentation phase with a reminder of Ray Brady's admonitions of last spring, printed in *The Actuary*, April 1979. Small discussion groups then addressed the questions that the panelists had raised. Then the meeting reconvened for a report session conducted by the Society's Communications Manager, Mrs. Linda Delgado.

The organizers regard this whole experiment as a success, and believe that actuaries present will take to heart the advice given by our guests. □