

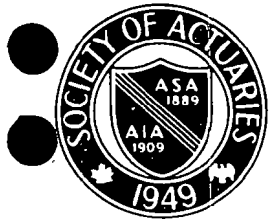


SOCIETY OF ACTUARIES

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THE SOCIETY SECRETARY

A Look at the First Half of the '80s

By Richard V. Minck

One of the main duties of the Secretary of the Society is looking backwards and reporting to the membership what happened at meetings of the Board or the Executive Committee. There are other duties, ministerial in nature, that are common to every corporate secretary. However, in this column I'll concentrate on looking backwards over the eighties — a period of great change. My views will be of the life insurance business and the employee benefit plan business — the two principal businesses in which actuaries are employed in North America.

The job of chief actuary of a life insurance company is in many respects not as much fun as it once was. Major changes in the U.S. economy have, in turn, led to extensive changes in the product design and marketing systems of life insurance companies, to the replacement of existing business, to stress on existing regulatory systems and state guarantee associations, to changes in federal tax laws and to threats from other financial institutions to enter the insurance business. The extent of these changes and the pace at which they have occurred have no precedent in the history of the life insurance business in the United States.

During the five-year period from Jan. 1, 1980 through Dec. 31, 1984, the standard valuation and nonforfeiture laws were changed to a more sophisticated form; policy loan requirements in state laws were materially improved; the federal income tax law for life insurance companies that had been in effect for two decades was completely rewritten twice; and major changes in regulatory

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ELECTIONS 1985

At the close of the Society's annual meeting in October, Richard S. Robertson automatically succeeded to the office of President. Other newly elected officers and members of the Board of Governors are:

President-Elect

Harold G. Ingraham, Jr.

Vice Presidents

M. David R. Brown

Burton D. Jay

Cecil J. Nesbitt

A. Haeworth Robertson

Walter S. Rugland

Board Members

Robert M. Astley

Barnet N. Berin

Harry D. Garber

David M. Holland

Walter N. Miller

Donald R. Sondergeld

Secretary

Richard V. Minck

Treasurer

Michael B. McGuinness

Dir. of Publications

Anthony T. Spano

Gary Corbett continues as a Vice President. Board members carried forward from last year include Past Presidents Dwight J. Bartlett, III and Preston C. Bassett along with these formerly elected members: John C. Angle, Charles M. Beardsley, Edwin F. Boynton, Cecil D. Bykerk, Donald D. Cody, Robert M. Hammond, W. James MacGinnitie, R. Stephen Radcliffe, James F. Reiskytl, James A. Tilley, Irwin T. Vanderhoof, and Robert C. Winters.

Barbara Lautzenheiser, who chaired this year's Committee on Elections, reported the percentage of Fellows voting in recent elections:

| | |
|------|-------|
| 1982 | 54.0% |
| 1983 | 50.9% |
| 1984 | 50.5% |
| 1985 | 48.9% |

12TH PACIFIC INSURANCE CONFERENCE

By Robert D. Shapiro

The twelfth session of the Pacific Insurance Conference met in Seoul, Korea, on Sept. 15-20, 1985. The theme of the meeting was "Productivity and Profit".

Four major topics were covered under this general theme:

1. Improving the productivity of marketing systems.
2. Design and pricing of products for profitability.
3. Optimizing investment management and personnel management.
4. Management strategy towards 1990's and (the) role of government.

The Conference was held at the Sheraton Walker Hill Hotel in Seoul. This hotel was, during part of the Conference proceedings, also the site of the widely publicized reunions of North and South Korean families.

The Conference began with a reception on Sunday evening. This event provided an opportunity for the 400 registrants and accompanying persons to meet old friends and to make new ones.

On Monday morning the opening ceremony featured an outstanding Korean women's group singing a wide ranging selection of songs from around the world. There were also welcoming addresses by several dignitaries including Sung-Tae Chang, General Chairman of the 12th Pacific Insurance Conference; Un-Hoe Park, Chairman of the Korean Insurance Academic Society, and Mahn-Je Kim, Minister of the Korean Ministry of Finance.

Following the opening ceremony were a series of presentations and workshops that ran through Thursday

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Society Secretary

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provided by federal statutes and regulations.

The Society has responded to these changes by making changes in its education program, including the development of a program of seminars to supplement its meetings as a source of continuing education. Study notes are available as another source by which members may keep up with continuing developments. Members owe the volunteers who man the Education and Examination Committees a major debt of gratitude.

Finally, I'd like to call your attention to a series of committee reports that have contained the results of major reexaminations of areas that have long been of concern to actuaries. These blue ribbon committees are also owed the gratitude of the Society for the extent of their efforts and the quality of their work. The reports are those of the Committee on Valuation and Non-forfeiture Laws (Special), the Committee on Valuation and Related Problems, and the Committee on Theory of Dividends and Other Non-guaranteed Elements in Life Insurance and Annuities. The final report of the latter committee is available on written request to the Society's central office.

In short, it is worth stepping back for a few moments to see how much the profession has accomplished during the last five years to respond to a serious set of problems working both as individuals and as a Society. □

Pacific Insurance Conference

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afternoon. These provided an excellent opportunity to learn how companies in other countries were meeting the productivity and profit challenges of the 1980's. Several dozen papers were prepared by Conference participants, and provided to all registrants prior to the meeting. These papers, varying widely in content and quality, were formally presented and discussed during morning General Sessions. The afternoons were devoted to smaller group workshops, which provided an excellent forum in which to continue, at a higher focus and level of intensity, a discussion of the critical issues facing the participants.

Some of the issues attracting vigorous workshop discussion were:

1. How does an insurance company change its perspective from "managing policies" to "managing customers"? In a customer-driven environment, how should the role of the agent be defined? What are the requirements for successfully managing a customer-driven organization?
2. What represents "outstanding performance" in investment management? How should assets, liabilities and cash flows be managed in various types of insurance organizations?
3. How do management principles in a high inflation country differ from those in a country with lower, perhaps more stable, inflation? One point of view was that stable inflation, *either* high or low, is easier to manage than volatile inflation.

Discussions provided attendees both comfort and concern. The comfort derived from observing that "we are not alone"! The concern also derived from observing that "we are not alone"! There often seemed to be ready agreement on what the issues are, and similar agreement that they are most difficult to resolve.

There were a number of special events for Conference attendees. For example, on Tuesday evening, the group was treated to a reception, dinner and performance at the Little Angels Performing Arts Center. The highlight of the evening was traditional Korean dance and music performed by the Little Angels, a talented group of 6-12 year old Korean children who have delighted audiences around the world (including President Reagan at the White House).

On Wednesday, many attendees chose a Conference Tour that included, among other things, a Korean luncheon, a visit to the site of the 1988 Olympics and a trip to Korean Folk Village. The new experiences and new friends overcame the distraction of almost constant rain!

A Farewell Party was held Thursday evening, featuring Korean performers as well as impromptu(?) entertainment from representatives of the various countries attending the Conference. The Conference was closed at a luncheon ceremony on Friday.

Many of the attendees took advantage of free time to get to know the city

SIGHTINGS

The Actuary in Literature still lives. *Starr E. Babbitt* submits this:

In "Hunted Down," a short story by Charles Dickens, the narrator identifies himself as Chief Manager of a Life Assurance Office. Early reference is made to, "Mr. Meltham, the young actuary of the 'Inestimable.'" Mr. Meltham has left the business because of a broken heart. He finally dies at the end of the story but only after avenging the murder of, "...the poor young lady for whom he had cherished those tender and unhappy regrets."

So much for those who use actuarial as a synonym for heartless!

And, from *Frank Pollard*:

From "Smallbone Deceased," a novel by Michael Gilbert, the following excerpt:

"At the Silver Slipper, which is between Regent Street and Glasshouse Street, and of which Mr. Bohun appeared to be a member, John found occasion, between glasses of champagne, to ask:

'You don't seriously mean what you said, did you?'

'What are you talking about now?'

'About soliciting being so easy.'

'Certainly I did. If you want a really difficult job you ought to try actuarial work. I trained for eighteen months as an actuary in New York.'

In that story, the setting is clearly in England, and "soliciting" is believed to refer to the practice of one of the professions — probably law. □

of Seoul and other parts of Korea. There were many beautiful and historical areas to explore. Shopping districts abound, and many went home with souvenirs of Korea.

The thirteenth Pacific Insurance Conference will be held in Rotorua, New Zealand, in 1987. Most of us have already "marked our calendars" for the next bi-annual reunion of old friends.

I found the Conference to be an outstanding experience from both a professional and a personal point-of-view. There are few professional meetings that meet the high level and diversity of discussion that characterizes the Pacific Insurance Conference.

Like most other attendees, I look forward to the 1987 Conference in New Zealand. The well organized, issue-oriented, perspective-broadening experience is simply impossible to beat! □