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EDITORIAL

WHICH GROUP ARE YOU IN?

There are two kinds of people in the world — people who have wild ideas and people who shoot them down. The first group will passionately fight to prove that they're right; the second will dispassionately argue to prove the first group wrong. The first group sees unusual patterns in ordinary things, and sees relationships between things that are seemingly unrelated. The second group forces the unusual into familiar patterns, and orders its world into mutually exclusive compartments.

Members of these groups may not be intrinsically different. They may be intelligent or not, creative or not, energetic or not; neither group is homogeneous. But they do act differently, and their effect on the organizations they belong to and the people they interact with is very different.

Our industry needs as many people in the first group as it can get. We need people to think of new ways to compete and to thrive in an increasingly challenging environment. Actuaries can be these people. We have the knowledge and background and intelligence to see new patterns and the clout to push through new ideas. We have proven this in the past, with various innovative products and creative tax schemes. But all too often, we are in the other group, the group of limiters. At least, we are perceived that way by others, as evidenced by the front page of this issue. I don't know why this is so. Perhaps it's historical — actuaries were "invented" to keep things under tight control. Perhaps it's temperamental, and fostered by self-selection — those in the second group are more likely to become actuaries. Perhaps it's just habit. I don't think it's terminal.

I'm not saying we must fling all propriety away and become raving lunatics. (Frankly, I'm not too worried about that happening.) There must always be pretty tight control when you're responsible for other people's money, and we must abide by the constraints imposed on us by outside authorities.

We must rechannel our energy and redirect our focus. We must stop looking for reasons to say no and instead look for ways to say yes. We must change our image from one of keeper of the past to one of hope for the future. If we don't do this, we may find our cushy position at the helm of the insurance industry taken over by a group that is more willing to rock the boat.

D.A.P.

Deaths

John R. Byrnes

ASA 1963

A Look at Ourselves

(Continued from page 1)

These days I hear a lot of talk from economists, and indeed from actuaries, about the "abnormally" high level of "real" interest rates. What is "abnormal"? Is it the level of the 18th and 19th and first three quarters of the 20th centuries? Or is there a new "normal" level?

Well, apart from the interest rates, how have some other of our "projections" gone? Suppose we consider sex, or what is euphemistically known today as "gender-based pricing." Nature invented sex a few hundred million years ago, and for at least the last 100 years the question of unfair discrimination between men and women has been a burning issue.

While it has been even more recently that the question — whether it is fair to charge different insurance prices according to the sex of the insured — has arisen, it was certainly not the day before yesterday as some seem to believe. The Civil Rights Act of 1964 included sex in the list of characteristics which could not be used as a basis of discrimination in employment and other areas. Not long thereafter, the industry began to face challenges under this statute and similar state laws alleging that employment benefit and pension plans discriminated on the basis of sex. Throughout the 1970's, lawsuits were being filed, state legislatures were stirring, and the social nature of the issue was apparent.

What were the actuaries doing at this time? Well, we were busily constructing the 1980 CSO table, or I should say, "tables," because for the first time there was one "CSO" table for males and one for females. Do we fall in the category known as "hard learners?" Is it possible that the assault on risk-classification will have discrimination by age as its next target? Have you looked at the demographic projections for the United States? What should our response be?

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