SOCIETY OF ACTUARIES

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SOCIETY OF ACTUARIES STAFF ORGANIZATION

By John E. O'Connor, Jr. Executive Director

The Society of Actuaries membership now totals close to 10,000! As you might suspect with the Society becoming increasingly larger, more specialized and active, it is often difficult for the membership to meet the office staff or even realize the full range of services that the Society office routinely provides for its members. Therefore, I would like to take this opportunity to introduce you to our staff and the services that we provide for you.

In addition to myself and two administrative assistants who compose the Executive Division, the office is organized into seven divisions. These are: Education, Education and Examination Support Services, Meetings, Finance, Research, Communications, and Information Services Center. Within this departmental structure, each division has its own set of responsibilities in conjunction with various committees. However, it is quite common for several divisions to work together and support each other on a particular project.

Let me briefly describe each division and its primary responsibilities.

Education:

This department is headed by Linden N. Cole, FSA. Education is one of the primary functions of the SOA, and the work of the Education and Examination Committees, supported by this department and its staff, is a key to the overall strength and growth of the actuarial profession. In his capacity as Director of Education, Linden works closely with the Society's various education committees, including Education

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COMPARING THE ACTUARIAL EXAMS

By Rick A. Roeder

When you were spending countless hours studying for actuarial exams, did you ever wonder why you had been foolish enough to select this profession when other professions such as accounting and law appeared to offer easier paths to receiving professional credentials? I surely did. I gave myself the opportunity to test whether this thought was mere wishful thinking in a recent six-month period.

My practice has gotten involved in additional areas of tax-planning other than those normally encountered by an actuary. Being a believer in credentials, I thought that becoming a CPA would be consistent with this belief, and a useful marketing tool to boot. So, I decided to take the CPA exams, much to the incredulity of certain associates and friends. I want to share my observations on the many differences between the CPA and actuarial exams.

First of all, you should realize that I am not an ideal barometer by which to compare the two sets of exams:

1. When I took the actuarial exams I was usually one of the youngest in the room; not so for the CPA exams where I was one of the "senior citizens" and "exam seasoned" from my actuarial background.

2. My formal education was stronger in actuarial science than in accounting.

3. My attitude in studying for the two sets of exams was different. I studied hard for the actuarial exams, while my commitment to the CPA exams was limited to self-study on a basis that did not interfere with work or social commitments (and the 1984 World Series, as it worked out. My favorite baseball team, the Tigers, played the local

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ANNUITIES USED IN SETTLEMENT OF PERSONAL INJURY LAWSUITS

By Robert C. Blattenburg

At the outset it should be said that this article is not intended to be a learned or technical treatise. Rather it is a brief description of one of the fastest growing segments of the life insurance industry — the so-called Settlement Annuity. It is presented out of the experience of the author, who has had a hand in the development of the methods used in rating and handling these annuities since the inception of current usage. The author was Actuary of one of the companies to first issue such annuities, he has been an advisor to others, and he has actually settled several hundred personal injury lawsuits through the use of Settlement Annuities.

The use of annuities as part of a financial package in the settlement of a claim of one person against another is not really new. The Roman Senate granted a life income to a claimant, and about 50 years ago annuities were used in settlement of a few of the Thalidomide cases. However, the use of the annuities issued by life insurance companies to settle personal injury lawsuits did not really begin until 1970. Since then the growth rate of the use of this approach has been tremendous. Only $150,000 of premium was generated in 1970, but over $2,000,000,000 in 1984. Almost a 100% annual growth rate sustained over 14 years is indeed awesome.

The reasons for this growth are not difficult to see, though we may wonder why it didn't happen earlier. For the injured person a life-time income makes much more sense than a lump-sum settlement. The liability insurer likes the

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Policy, Education and Examination, and Continuing Education.

His department supports the massive volunteer effort already in place for developing study materials and study notes for the examinations; for maintaining the overall quality of the examination system; for developing ways to test the validity of examination questions; for developing seminars on important topics for actuaries; and for coordinating the education and examination activities between the Society of Actuaries and other actuarial bodies jointly sponsoring or administering the examinations.

In addition to these "routine" responsibilities, Linden and his staff are very involved with the various Education Committees and Task Forces in support of developing proposals for a "Flexible Education System." You will be hearing much more about this concept at upcoming Society meetings and in future issues of *The Actuary.*

Education and Examination Support Services:

Bernard A. Bartels supervises this department, which supports the E & E Committees in administering the examinations. Bern and his staff coordinate the printing of all exams and instructions to supervisors; process all the examination applications; arrange and ship all materials to some 215 exam test centers around the world, and distribute tickets of admission, grades and passing lists.

This fall 9,500 candidates registered for the November exams, setting an all-time record. The largest increase of candidates was in Part 1, with 2,700 students writing the exam.

Bern's department also is responsible for coordinating Section activities at the staff level, including arranging for the printing and mailing of Section newsletters.

Meetings:

Responsibility for administering three spring meetings and one annual meeting, including the budgeting for hotel and related meeting expenses, falls under the purview of Chelle Brody, the Society's Meeting Manager. Chelle and her staff also make logistical arrangements for all Board of Governors and Executive Committee meetings, Section meetings and assorted committee meetings. In addition, Chelle works closely with the Society's Program Committee to prepare the contents for program pieces for SOA meetings and coordinates the mailing of meeting materials to the SOA membership.

Last year's annual membership meeting in New Orleans was the largest in the history of the Society. Total attendance, not including spouses, was 1,534.

Finance:

This department is headed by Charles Stanley, the Society's Director of Finance. Chuck has responsibility for controlling the basic chart of accounts, for maintaining a system of budgetary and expense controls, for maintaining an investment program for the Society and for coordinating and budgeting for all membership mailings. He also works with the Treasurer, a variety of committee members and staff to develop an annual budget for consideration by the Administration and Finance Committee and, finally, by the Board of Governors.

Research:

The Research Department, headed by Mark Doherty, works with a variety of committees in overseeing the development of the reports of the Committees on Mortality and Morbidity Experience. Mark also works closely with several other research committees on specific studies, such as the 1980 CSO tables, the 1985 Individual Disability Tables, and the Credit Insurance Study.

In addition, Mark is responsible for maintaining the Society's library, which is primarily archival, and for answering questions of a research nature from the SOA membership, general public and other groups who may need actuarial data periodically. One such question recently led him to discovering actuarial tables in the SOA library which were over 100 years old.

Mark also provides research staff liaison to various organizations, such as AERF, LOMA, LIMRA and MIB.

Communications Department:

Handling public relations, communications and publications for the Society, in support of the Public Relations Committee and the various Committees on Publications, is the Communications Department, headed by Linda Delgadillo. Departmental responsibilities include preparing and designing career information and promotional brochures; writing news releases for new Fellows and new Associates; and editing and overseeing the printing of various Society publications, including the *Yearbook, Transactions, Transactions Reports,* the *Record,* the new *Actuarial Mathematics* book and various seminar and symposium proceedings.

Information Services Center:

Carol Perry heads the Information Services Center, which maintains the membership data base for the Society of Actuaries, the American Academy of Actuaries, the Conference of Actuaries in Public Practice and the U.S. membership of the International Actuarial Association. Carol's department also produces the membership information for these organizations' yearbooks.

In addition, the Information Services Center lends support to the other divisions by processing dues billing, examination registration, meeting and seminar registration, study note services, subscriptions, and mailing labels. The Society's accounting system and inventory stock are also all computerized.

Carol and her staff will be very involved in support of the E & E Committees' efforts for an enhanced data base to support their expanding requirements.

Our profession is becoming more and more complex, and although the Society has grown tremendously in recent years, we do not want to lose sight of the fact that we are a personal membership organization. As such, we must be very aware of the needs of the individual member. We welcome any suggestions, complaints, or inquiries from any member who has a concern or an idea he or she would like to express. We have had many members visit our new offices in suburban Chicago and welcome the opportunities here and at SOA meetings to interact directly with our membership. □

Deaths

Walter H. Huehl	ASA 1926
Edgar M. Jackson	FSA 1935
Hilary L. Seal	ASA 1950