



SOCIETY OF ACTUARIES

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# The Actuary

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## EDITORIAL

### WHEREIN ARE WE UNIQUE?

Since our profession is so small and so little known, actuaries are often asked to explain what we are and what we do. All too often we find these questions difficult, last year's answers not quite appropriate, and the distinctions from non-actuaries confused.

Our basic training is in probability, statistics, and the theory of interest. Our advanced training is in the application of these mathematical skills to financial security systems. Along the way we acquire some expertise in economics, accounting, and the law. But what is unique about all of this? Much the same could be said for a modern business school graduate, or an experienced business man.

Peter M. Thexton, in a letter appearing in the same issue, considers the special skill of the actuary to lie in the determination of the present financial value of future contingent events. This emphasis reminds us of accountants, though the words "future" and "contingent" may indicate an important distinction.

We have also heard actuaries described as the "designers" of financial security systems; and some think of us as the "pricers" of insurance products. These concepts tend to compare us with architects or engineers, though we ply our trade in a different part of the economic world.

Marshall Field, no connection with the Chicago department store but the new President of the British Institute, has this to say in his Presidential Address, delivered at Staple Inn in October:\*\*\*

"It is the actuary's job to assist in the scientific quantification of financial risks. Necessarily, he has to work on inadequate and sometimes suspect data. He can seldom work with precision and there is very little room for dogma but as a skilled advisor and working alongside his client, he can provide invaluable assistance in helping him understand the risks involved in the particular business. He can assist in determining which of the many possible future paths should be taken and with what prospect of gain or risk of loss. As everyone here will know, the actuary is concerned with the continuum of the past into the present and on into the future. He is concerned with the dynamics of a business situation and, in this, he is unlike the accountant, or the statistician, indeed, he is unique. . . . I see a need for actuarial advice in many businesses, indeed, in any business where success depends on the skillful management of financial risks."

Mr. Field puts his emphasis on financial risk, the projection of the past into the future, and particularly the *dynamics of a business situation*; and with this emphasis he finds actuaries *unique*.

\*\*\* Quoted verbatim from the December issue of *FIASCO*, the Magazine of the Staple Inn Actuarial Society, the new name for what was formerly called the Student's Society of the Institute of Actuaries.

C.L.T.

## ASSA?

It has come to our attention that an organization called The American Society of Student Actuaries, operating out of Downers Grove, IL, has been contacting various employers of actuaries to offer a referral service that specializes in the recruitment of entry-level individuals for insurance/benefits related organizations.

The flyer being sent offers a monthly updated listing of graduating students and persons already in the work force who would like to enter the actuarial profession.

Even though the recruitment organization has a name which closely resembles our own, this organization is in no way related to or sanctioned by the Society of Actuaries. □

## ACTUARIES ASKED FOR VIEWS ON FEDERAL STATISTICS

How do actuaries use statistics from the National Center for Health Statistics? For what purposes? In what form? Have recent changes helped or hurt as to usefulness, accessibility, timeliness? What data would you like to have? Here is your chance to be heard.

The Office of Technology Assessment, U.S. Congress, is evaluating federal statistics and is asking those interested to make their views known. Bob Johansen, Chairperson of the Society's Government Statistics Committee, will coordinate responses from actuaries, or you can communicate directly with Ms. Carol Nezzo, OTA, Washington, DC, 20510. (Tel: 202/226-2298).

Some examples:

NCHS yearly mortality data were used in the projecting of the 1983 annuity valuation tables from the date of the most recent experience.

The 1969-71 and 1979-81 U.S. Life Tables were useful in convincing the NAIC that the projection rates used in constructing the 1983 individual annuity table were reasonable. □