



SOCIETY OF ACTUARIES

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The Task Force on Expansion of Mortality and Morbidity Statistics

by Peter W. Plumley

Early in 1985, the President of the Society appointed a Task Force on Expansion of Mortality and Morbidity Statistics to review the mortality and morbidity research undertaken and the statistics published outside the recognized actuarial organizations. The purpose of this action was to determine whether the Society should be more active in collecting and analyzing the results of such research for its members, the actuarial community, and the public. The review was to include "basic" research, applications of which might not be clear at that time. I was asked to chair the Task Force and was fortunate in enlisting the help of an excellent group to serve on the Task Force, including two past presidents of the Society.

The work of the Task Force involved several stages. First, information was collected on the major sources of mortality and morbidity information which was not already part of actuarial literature. We discovered a considerable amount of such literature, much of it collected by government agencies and medical associations.

Next, the Task Force identified several unmet research needs for both the actuarial profession and users of actuarial data. These were listed in the Task Force's final report.

The Task Force also identified deficiencies in the Society's present mortality and morbidity research effort. These included lack of sufficient volunteer time, partially due to employer budgetary constraints, and difficulties in getting data from companies.

The Task Force then made 11 recommendations aimed at improving the Society's research effort. These included better funding of research projects, improved methods of getting information and data to actuaries, improved interaction with outside professional bodies, and better

communication about our research efforts with our members.

The Task Force also recommended that the Board study the possibility of establishing an actuarial study and research center at a major university. Because this recommendation was more long range in nature, the Task Force recognized that considerable time would be needed to determine the feasibility of this idea.

Finally, some sources of funding for expanded research were suggested.

The Task Force presented its report to the Research Policy Committee in August 1986. The recommendations were enthusiastically received, but how to implement them, particularly under the present research structure, was unclear. For this as well as concern about the role of Society research, a Task Force to Revitalize Research, chaired by Anna Rappaport, was established. A major objective of this Task Force was to determine how to implement the recommendations of the first Task Force. The Task Force chaired by Rappaport has not yet completed its work, but it did present a preliminary report to the Executive Committee in December 1987.

Included in the report was a request that the 1988-89 SOA budget provide for increased professional research staff. The Board of Governors approved this request at its January 1988 meeting. At the same time, it approved an additional \$150,000 to fund worthy research projects.

It will be awhile before major changes and improvements in the Society's research effort are visible. Nevertheless, I feel that considerable progress has been made so far. Research issues and deficiencies have been identified and a path charted which should enable the Society to significantly upgrade its effort.

The Society is an educational and research body. It will ultimately survive based on the quality of its members and its research. The work of the two research task forces should be a major step in ensuring that the quality and scope of the Society's research will be improved significantly.

Peter W. Plumley is a Consulting Actuary in Chicago. He is a former member of the Board of Governors and former Chairperson of the Task Force on Expansion of Mortality and Morbidity Statistics. He presently serves on the Task Force to Review and Revitalize SOA Research.

Direct Response Survey

A survey of 20 major life and health insurance entities engaged in direct response business was conducted by Kiran Desai to understand the current status of the business and strategic thinking in the industry.

The companies surveyed included mutual and stock companies, companies with an existing agency force, companies firmly established in this marketplace and others which are just beginning to explore direct response. There were subsidiaries of giant conglomerates, of retail stores and of insurance giants, as well as health care providers and service organizations.

The survey yielded a wealth of information, ranging from subtle nuances in thought to some formidable trends in activity. The survey brought out the following observation with regard to competitive analysis:

Competitive analysis appears to be of little concern to most companies, and this is of more concern to this observer than any other factor to come out of the survey. My impression is that there is a town (the potential customers) and outside it are hoards of invading forces (the insurance companies), ready to attack and pillage. The invaders consist of different tribes, all loyal to different leaders, and there is no overall strategy, only chaos. The only common goal appears to be getting the loot. There is nascent recognition of the value of winning the loyalty of the customers (townspeople) but that is generally countered by mistrust among the customers. On the other hand, there is no understanding of even a need for a strategy with respect to competitors (other invaders).

Anyone interested in learning more about the results or who would like his/her company to participate in next year's survey, please contact Kiran Desai.