



SOCIETY OF ACTUARIES

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## Spotlight on the Sections

# The Individual Life Insurance and Annuity Product Development Section

by Alice M. Neenan

Now in its sixth year, the Product Development Section has about 2,300 members. Much is happening in the industry today that comes under the general subject of product development, so a key objective of the Section is helping its members keep up to date.

Our newsletter, edited by Doug Doll, has regular articles on NAIC activities (Bill Carroll) and tax issues (John Palmer), as well as updates on current topics. The newsletter is a forum for sharing ideas and information.

The Section's Program Committee, chaired by Jesse Schwartz, works with the Society's Program Committee to provide topics and speakers for product development sessions at meetings. Because product development issues sometimes relate to financial reporting, reinsurance, investments and nontraditional marketing, the section will be emphasizing joint

sessions with other sections.

Lynn Peabody chairs the Education Committee for the Section. This committee has conducted several one-day product development seminars in conjunction with Society meetings. These seminars have been well attended, and the Section expects to sponsor additional seminars in the future.

This year's spring meeting at Louisville featured several sessions on product development topics, and the Section also sponsored a luncheon. The speaker was Ed Gold, Chairman of Planco, who discussed the wholesaling of insurance products through banks, stockbrokerage firms and broker/dealers. There also will be a Section-sponsored luncheon with a speaker at the Boston annual meeting.

Cathy Waldhauser, who represents the Section on the Society's Research Policy Committee, has received many research suggestions from members. The Section will write research proposals on some of these topics.

I represent the Section on the SOA Continuing Education Committee, which helps the Section facilitate the professional development of its members.

Looking ahead, the Section wants to involve more of its members in such activities as writing newsletter articles, working on one of our committees, and participating in meeting and seminar programs. We also want to become more involved in joint activities with other Sections.

Our large and growing membership is indicative of the strong interest in product development issues. There is a wide diversity among our membership, with needs for information ranging from very general to specific methodologies. The ongoing challenge for the Section Council is to continue to find new and better ways to serve the members' needs.

Alice M. Neenan is Vice President, Connecticut Mutual Life Insurance Company. She is Chairperson of the Individual Life Insurance and Annuity Product Development Section.

## Research Policy Committee Approves Several Projects

by Mark G. Doherty

Seven research projects were approved by the Research Policy Committee (RPC) at its May 17 meeting. Still under committee consideration are more than 60 other projects suggested by Committees, Special Interest Sections and SOA members.

The process used by the RPC to identify and prioritize research is known as an issues management approach. As an issue is pointed out, the RPC assigns it to an expert body, typically a Section or Committee, to develop a one-page description containing a project sponsor, statement of need, potential benefits, interested parties, methodology, project management, resources, timing and urgency of the work.

Of the suggested issues, 18 project descriptions have been returned to the RPC for evaluation. Four research projects have been selected for funding; three are being implemented by SOA Committees; four require further definition; five

have been turned over to focus groups within a Section for project specification; and two have been deferred. The four research projects that the RPC has selected for funding are:

- Health data base
- Development of adverse selection models
- Experience studies on the correlation of quality and default risk by category of insurance company investment
- Interest sensitive cash flow and analysis

The three suggestions selected for implementation by Society Committees are:

- Expansion of individual life insurance experience studies data
- Financial cost of AIDS and other diseases
- Long-term care experience development and analysis

The next step for the funded projects is the assignment of research project groups to provide guidance and oversight. These management groups are to be composed of two to

three members who are knowledgeable about the efforts, but are not expected to participate in the work. Rather, they are to direct and review the activities and products of the research. The intention of the RPC is to have practicing actuaries on these research project groups to give the research efforts the necessary inputs to provide practical work products wherever possible.

Future articles in *The Actuary* will update readers on the progress of the Society's research activities. Your suggestions on research topics and involvement in research through Sections and Committees is encouraged. The development of research project groups requires the participation of more members in the research side of the Society. A great deal of activity is underway. Our goals are to provide the membership with the tools, techniques and data required to enhance the performance of their functions and to expand the influence of the actuarial profession.

Mark G. Doherty is SOA's Director of Research.