



SOCIETY OF ACTUARIES

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News conference draws media attention to Centennial

by Diana Montgomery

Seventeen reporters representing such publications as *Barron's*, the *Washington Post* and the *Journal of Commerce* attended a news briefing June 13 spotlighting the Centennial.

Held at the Capital's National Press Club, the news briefing was moderated by James J. Murphy, Executive Vice President of the American Academy of Actuaries. Five other actuaries representing the health, casualty, life, pensions and employee benefits areas discussed trends in their fields and summarized papers delivered during the celebration.

Murphy briefed reporters on the Task Force Report on the Actuary of the Future, saying that demand for actuaries now exceeds the supply and that it will continue to increase as actuaries move into nontraditional areas. Murphy also referred to a recent survey of life insurance CEOs in which 95.7% said they were satisfied with actuaries and their work and 68.2% saw a need for a greater number of actuaries in the future.

Reporters crowd a room at the National Press Club for a news briefing spotlighting the Centennial and actuarial issues. Speakers are, from left, Bartley Munson, Robert Brown, James Murphy, Yuan Chang, Robert Sturgis and Barnet Berin.



Bartley Munson of Mercer-Meidinger-Hansen, Inc., and Robert Brown of the University of Waterloo addressed the future of healthcare. Barnet Berin, Chief Actuary of Mercer-Meidinger-Hansen, briefed reporters on the paper he co-authored, "The Effect of Mortality Rates on Women's Role in Society."

Robert Sturgis of Tillinghast/Towers Perrin released figures on "The Cost of the Tort System," and Yuan Chang, Vice President of Metropolitan Life Insurance Company, talked about "Preparing the Continent for a Graying Population." Chang urged the federal government to use a "Generational Equity Index" to measure how well the working population is preparing for its retirement years.

The press briefing, which gave reporters an indication of the breadth of the role of the actuary, is part of the "Forecast 2000" Centennial public relations campaign supported by the five sponsoring Centennial organizations. The campaign's purpose is to increase public understanding of the role of the actuary.

The Centennial in historical perspective

How does the founding in 1889 of North America's first actuarial organization fit into world actuarial history? Here's a partial listing of non-North American actuarial organizations and their founding dates:

- 1848 – Institute of Actuaries
London
- 1856 – Faculty of Actuaries
Edinburgh
- 1888 – Actuarieel Genootschap
Amsterdam
- 1892 – Institut des Actuairees Francais
Paris
- 1895 – Association Royale des
Actuairees Belges/Koninklijke
Vereniging van Belgische Actuarissen
Brussels
- 1899 – The Institute of Actuaries
of Japan
Tokyo
- 1901 – Den Danske Aktuarforening
Lyngby, Denmark
- 1904 – Den Norske Aktuarforening
Oslo
- 1904 – Svenska Aktuarieföreningen
Stockholm
- 1905 – Association of Swiss Actuaries
Zurich
- 1922 – Suomen Aktuaariyhdistys
Helsinki
- 1929 – Instituto Brasileiro de Atuaria
Rio de Janeiro
- 1929 – Actuarial Society of India
Bombay
- 1929 – Istituto Italiano degli Attuari
Rome
- 1929 – Asociacion Mexicana
de Actuarios
Mexico
- 1933 – Association des Actuairees
Diplomes de l'Institut de Science
Financiere et d'Assurances
Paris
- 1942 – Instituto de Actuarios
Espanoles
Madrid
- 1948 – The Actuarial Society of
South Africa
Cape Town
- 1948 – Deutsche Gesellschaft fur
Versicherungsmathematik
Hamburg

1949 – Instituto Actuarial Argentino
Buenos Aires

1952 – The Israel Association
of Actuaries
Tel Aviv

1953 – Actuarial Society of
The Philippines
Manila

1967 – Actuarial Association of
Hong Kong
Hong Kong

1967 – The Society of
Icelandic Actuaries
Reykjavik

1969 – The Actuarial Institute of the
Republic of China
Taipei

1976 – Singapore Actuarial Society
Singapore

1977 – The Institute of Actuaries
of Australia
Sydney

1977 – New Zealand Society
of Actuaries
Wellington

1979 – Association of Greek Actuaries
Athens

Institute seeks insurance specialist

The Harvard Institute for International Development is seeking an experienced insurance specialist to act as a resident advisor for one of its assistance projects in Indonesia.

The Indonesian government adopted new legislation regulating the insurance industry. The resident advisor will work with the Ministry of Finance to draft regulations, create a training program, and provide technical advice on insurance to Ministry policymakers.

Candidates for the position should have at least 10 years' working experience and relevant professional qualifications in one or more of several fields. Those fields include actuary, insurance accountant, state insurance examiner or underwriter. The job requires the advisor to live in Indonesia for one to two years.

For more information, call or write Ellen Seidensticker, Assistant Director for Professional Recruitment, at the Harvard Institute for International Development, One Eliot Street, Cambridge, MA 02138, (617) 495-2161.

Information technology could overturn actuarial concepts

Information technology may change the very concept on which the actuarial profession is based. The result could be the reduction of all risk categories to a category of one." John Diebold, chairman of the Diebold Group of management consultants, told a luncheon audience at the Centennial Celebration.

Diebold said computers have the ability to handle all genetic code information becoming available in the late 1990s when genetic mapping will be completed. While the amount of information in each individual's DNA is perhaps equivalent to 2,000 pages, processing it is a trivial job for a computer. He said this development could eliminate the concept of class of risk consisting of a large number of people and their probabilities, reducing the risk of class to only one.

If this actually happened and privacy issues did not prevent its use, it would turn upside down the most fundamental concepts with which actuaries deal, said Diebold.

Information technology also permits insurance companies to innovate in new fields. As an example, Diebold cited a new concept of insurance that would cover all the risks of life. Companies can integrate and analyze all the data they and others collect on customers. This was not possible in the past when information about health, casualty and property was each segregated in separate "back offices." This concept could represent an innovative way of responding to consumers just as computers made possible the money accounts covering brokerage and checking accounts, said Diebold, author of a basic book on automation.

Diebold said, "It takes a long time to change organizational structures, but the impact is fundamental. I have always said that the first thing to happen with computers is that they will do yesterday's business more efficiently. That has happened. The second thing is that one will start to do new things using the computer, and that is happening. Third is that

the society in which the business exists will be changed by the computer, and that is where major business opportunities lie now and in the 1990s. As leaders in your field, you must think about the impact on all three levels.

"Actuaries were one of the earliest users of the technology, and you know that you can learn from testing. You have built a reservoir of knowledge of model building. Now you must recognize that information technology is changing not only routine processing, but your world.

"Americans are successful innovators. In the 1990s you will be called upon to innovate in your profession as much as we do in technology."

Information technology is also changing the definition of the problems actuaries address. Diebold summarized some of the consequences to be:

- Insurance will have to be priced before there is a risk experience in the area.
- The function of providing protection will be changed.
- American insurance companies can get into Europe and Japan by innovating in the difficult insurance problems produced by EDI systems, traffic control, smart highways, etc.
- An insurance perspective can be brought to the design of these systems. Actuaries with their analytical perspective could contribute greatly.
- All risk categories could be reduced to a risk category of one. Whether privacy laws would permit this is a different issue that will also have to be addressed.

Diebold concluded his talk with some practical questions for actuaries to ask:

1. How can I use the technology to make a difference in our business?
 - What constraints have I always accepted that I should now question?

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