



SOCIETY OF ACTUARIES

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# Elections Report

## SOA elections process

by Gary Corbett

By now most members are probably aware that changes in the Society election procedures are under way for 1990. An article in last month's *Actuary* highlighted some of these changes. To recap, for the first ballot we will be introducing 200-word position statements for all officer candidates and randomly selecting a top name for each slate, with the alphabetizing of all following candidates' names. For the second ballot, all candidates have been invited to submit 200-word position statements, and we will also randomly select the top name for each slate. Presidential candidates will be interviewed for the July issue of *The Actuary* to help all members get to know them better.

These changes are the initial results of an elections procedure review being conducted by a specially appointed task force. That task force is also in the process of determining whether further elections changes may be appropriate. It will ask for your ideas this summer, when an elections survey will be sent to all Fellows.

To assist in that process, we have prepared this special report on the Society elections for your review. It discusses current elections procedures, provides background on the SOA Constitution, Bylaws and Elections Guidelines, explains how the Committee on Elections functions, and discusses concerns about the current process expressed by both leaders and members. It also presents potential alternatives to consider.

After you have reviewed this report, I hope you will write a letter to *The Actuary* and express your

thoughts about the existing elections process, the proposed changes, or any other changes you might wish to suggest. Those letters will be published and shared with the membership in the July issue of *The Actuary* and will also provide important feedback to the Elections Committee, the Executive Committee and the Board as we continue to review our elections procedures.

### Elections – What the Constitution and Bylaws say

According to the Constitution, an annual election must be held in accordance with the Society's Bylaws. Six Fellows must be elected to the Board, three or more Fellows must be elected as Vice Presidents, and one Fellow must be elected as President-Elect.

The Bylaws provide a little more detail on the elections process than the Constitution. Specifically they require that a Committee on Elections is responsible for conducting the elections. That committee must consist of two immediate Past Presidents, plus at least seven additional Fellows. Committee membership also must be reasonably representative of both membership occupational interests and geographical distribution.

The Bylaws additionally spell out an elections timetable, the number of nominees to be included on the second ballot for each elected position, the length of terms, and how to fill vacancies and break ties.

### Committee on Elections: How it functions

Neither the Constitution nor Bylaws provides detailed information about the Committee on Elections, except regarding its composition. So, to fully understand our elections process, it is important for members to know how this committee functions. The committee conducts the Society elections according to detailed guidelines approved by the Executive Committee. It does not act as a nominating committee, but rather suggests and includes candidates on the first ballot according to the Bylaws and Elections Guidelines. It prepares the second ballot according to the Bylaws and the Elections Guidelines, but it is allowed some discretion for the Vice President and elected Board member categories. More on this later.

The Elections Committee normally has 12 members, each serving a three-year term, plus the two most recent Past Presidents acting as Chairperson and Vice Chairperson. The Chairperson is responsible for staffing the committee and balancing its membership to reflect area of interest, Canadian/U.S. residency, and the general needs of the membership. Committee members are usually individuals who have been active in Society affairs. They frequently include current and past Board members, Committee and Section leaders, and other Society members who are perceived as leaders in a particular specialty or area of interest. For example, the 1989-90 Committee on Elections consists of 10 members

plus the two Past Presidents. Two of the 10 are Canadians; five are predominantly life actuaries, three are pension, one is health and one is in academia; three work for insurance companies; six are consultants and

in the past 10 calendar years, up to and including the year of the election, provided they were elected either Secretary or Treasurer in a contested election, or they also had served as an elected Board member.

### **Role of the Committee on Elections: First ballot**

As part of its responsibility to conduct the Society elections according to the Bylaws and Guidelines, the Committee on Elections has some discretion in preparing the first ballot, especially for the Board list. It uses its judgment to suggest additional candidates who possess the various leadership skills and experiences that represent different segments of the Society of Actuaries and contribute to its governance. At this stage of preparation, the committee does not usually determine an individual's willingness or ability to serve as an elected Board member because of the high number of candidates eligible to run in this category. This step is more practical when preparing the second ballot.

The committee can also add to or decrease the number of names suggested for all slates, as long as the members can select the appropriate number of candidates for the second ballot.

The philosophy is to have as broad a list of suggested names as possible for members to select from on this first ballot, so the committee attempts to include all suggested names it receives.

### **How the second ballot is assembled**

In preparing the second ballot, the committee must follow the specific Bylaws and Guidelines, but it also has some discretion for the Vice President and elected Board member categories.

The specific guidelines follow.

#### **President-Elect**

The Bylaws require a minimum of three candidates to appear on the second ballot, and the Elections Guidelines require that "no candidate will be dropped from the second ballot if the first ballot vote is within five votes of a candidate on the second ballot." What this means is that on occasion, four candidates may appear on the second ballot instead of three. Candidates appear on the second ballot based solely on the number of votes each received on the first ballot.

#### **Vice President**

In each election, usually three positions are open for Vice President. The Bylaws require a minimum of six nominees on the second ballot for the Vice President slate, and the Elections Guidelines require that the top six

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one is at a university. Four of the 10 serve on the Board of Governors.

Even though Elections Committee members are involved in conducting the elections, membership on the committee does not preclude them from running in the election. They may appear either on the first or second ballot, according to the regular Elections Guidelines. In fact, last year a committee member was elected to the Board.

### **The elections process: How the first ballot is assembled**

The assembly of the first ballot begins in the fall preceding the election year. The committee prepares a list of individuals eligible to run for the Board and Officer positions, using the Elections Guidelines and Society Bylaws to guide the development of the ballot. For example, the Bylaws do not allow consecutive Board terms for those who are retiring from the Board, so those individuals would not be eligible to run. The Bylaws also prohibit consecutive terms as Vice President and make a Past President permanently ineligible for another term as President.

Here are some specific guidelines for the Officer and Board positions.

#### **President-Elect**

Candidates eligible for the office of President-Elect on the first ballot include:

Fellows who have completed a term as Vice President in the past 10 calendar years, up to and including the year of the election.

Fellows who have completed their terms as Secretary or Treasurer

As indicated earlier, Fellows who have previously served as President or President-Elect cannot run again for President-Elect.

#### **Vice President**

Candidates eligible for the office of Vice President include:

Fellows who have completed their terms as an elected Board member, Secretary, or Treasurer, with the term of service being at least two years. Service must have been within the past 10 calendar years, up to and including the year of the election.

Those who have completed a term as President, President-Elect or a full two-year stint as Vice President are not eligible.

#### **Elected Board member**

Candidates eligible for Board election typically include the following:

Fellows who have been active in the Society of Actuaries and/or other actuarial organizations generally are placed on a reference list. This list frequently includes up to 100 names. From it, voters are asked to choose up to six candidates. However, any Fellow who volunteers his/her name for the first ballot in response to the Elections Committee invitation in *The Actuary* is generally included on the ballot.

Fellows who are current Board members or Past Presidents are not listed as suggested candidates for the Board. In addition, those Fellows who have completed two Board terms, including service as an officer within the last 10 years, are not eligible to appear on the ballot. Other than these restrictions, previous Board experience does not preclude a Fellow from being listed.

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In addition, the Guidelines indicate that the Committee on Elections can add up to three additional candidates. Such additions might be made to attempt to balance representation according to practice specialty or residence. Candidates would normally be added according to the order of finish on the first ballot, with the committee having the discretion to draw the line at six, seven or eight candidates, depending on where there is a significant gap in the first ballot votes. It should be noted that a top finish on the first ballot does not necessarily assure that a candidate will be elected for office on the second ballot.

#### **Elected Board members**

In each election, there are normally six Board seats to fill. In preparing the second ballot, the Elections Guidelines state that the top nine or more Fellows with the highest first ballot vote must be invited to appear on the second ballot. The Bylaws also require that at least 12 and not more than 18 nominees should appear on the second ballot.

In preparing the second ballot, the Committee on Elections again exercises some discretion. It considers the number of votes received on the first

for candidates meeting these specific qualifications are to be listed on the second ballot. For example, in the 1989 election the Board designated one seat for a health insurance specialist and one for a pensions specialist. Using designated seats may mean that the top six votegetters on the second ballot may not be elected to the Board.

#### **1989 election results — How did the process work**

In preparing the second ballot, the top 15 votegetters on the first ballot (after two declined to run) were entered. The 18th place finisher on the first ballot was chosen for the second ballot to provide the minimum of two candidates for one of the designated Board seats. The 32nd and 40th place first-ballot finishers were placed on the second ballot to provide two Canadian residents. If this action had not been taken, no Canadians would have appeared on the second ballot.

In the actual election, two of the three additional candidates were ultimately elected. According to the Bylaws, the results of the second ballot for any slate stand, and the Committee on Elections has no discretion to alter them.

or the President of the Society. To date such an audit has not been requested.

Candidates are informed of the election results as soon as possible after the votes are tallied. Actual results, including the order of finish, are not disclosed. However, unsuccessful candidates can request information about the number of additional votes they would have needed to be elected. No attempt is made to keep election results confidential for more than the few days necessary to inform all candidates.

#### **Elections issues**

Now that we have reviewed our current elections process, let's examine some of the issues that have been raised by both the members and leaders of the Society. I have delineated what appear to be the predominant issues concerning the elections and have tried to present, as best as I can, the various viewpoints which I am aware of. It is also important, however, that we hear from you on these issues, both at this stage and in the next stage when an elections survey will be sent to all Fellows late this summer. The Board, Executive Committee and Committee on Elections want to conduct our elections in a fair and equitable manner that encourages the participation of all Fellows.

#### **Board representatives of different groups within the Society of Actuaries**

Beginning with the 1989 elections, the Society's Board of Governors has the authority to designate "a certain number of Board seats (up to three) for individuals in areas of interest and/or country of residency deemed to be underrepresented in relation to the total Society membership."

The extent to which the Board should represent the membership by specialty, employment, residence, age, experience, and sex has been much debated. Many regard the question of representation as the most difficult one facing us. Broad representation in all areas of SOA membership is important, but it is not clear what the best approach is and it is not clear what the membership desires. Some feel that no attempt should be made to achieve such representation. Others recommend establishing divisions within the Society, that would then elect their own representatives. One

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ballot; strength of the criteria qualifying the candidates to run; balance of specialties, areas of interest and Canadian/U.S. residency; and if any Fellow, not included on the first ballot reference list, received a significant number of write-in votes.

In addition, beginning with the 1989 elections, the Society's Board of Governors can designate up to three Board seats for individuals representing areas of interest and/or country of residency which are underrepresented in relation to the total Society membership. At least twice the number of reserved Board seats

#### **Counting the votes**

The Elections Guidelines require that the presidential election be conducted on a preferential basis; that is, voters are requested to indicate their first and second choices for the office. For the other slates, voters are asked only to vote for the appropriate number of candidates. The tabulation of the second ballot is done by SOA staff under the supervision of the Elections Committee Chairperson and Vice Chairperson. An external audit of the counting process is provided for in the Elections Guidelines if requested by the Elections Committee Chairperson

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obvious problem regarding Board representation focuses on the limited number of Board seats and our inability to slice the membership demographics in more than one or two ways. Then there is the practical problem of just how to implement any desired degree of assured, or even encouraged, representation.

Before the 1989 Elections, the Committee on Elections had the responsibility for achieving balance on the candidates who appear on the second ballot. It did this not only by deciding who should be on the second ballot according to the Elections Guidelines but also, in the case of Canadian representatives, by running three Canadian residents for Secretary or Treasurer, thus assuring such representation on the Executive Committee. With the advent of designated Board seats and the President's ability to appoint, with the Board's concurrence, an elected Board member to the Executive Committee to balance representation, the committee's responsibility and discretion have been reduced. The upcoming survey will delve extensively into this matter, and your thoughts on this issue are very important.

#### **Candidate statements**

Beginning with the 1990 elections, first-ballot officer candidates and all second-ballot candidates will be invited to submit 200-word statements supporting their candidacies. These statements will be mailed to the voters along with the ballot materials. In addition, interviews with the second-ballot presidential candidates will be published in a July issue of *The Actuary*, before voters receive the second ballot. We hope that members will find the additional candidate information useful in making a more informed choice. Again, your thoughts on these changes will be sought in the survey.

#### **Eligibility of Committee on Elections members to appear on first or second ballot**

The Elections Guidelines do permit committee members to appear on either the first or second ballots. From time to time, however, it has been suggested that committee members should not be eligible for election.

The Executive Committee and the Committee on Elections have generally felt that barring committee members from running for election was not desirable because it could reduce the list of potential candidates. That would be counter to the elections philosophy of opening the slates to all Fellows who are qualified to run under the Elections Guidelines. Secondly, if committee members were prohibited from running, it would create difficulty for a Fellow asked to serve on the Committee on Elections. He/she would have to decide between committee service or the opportunity to be elected to the Board.

On the other hand, suggestions for prohibiting committee members from running stem from concerns about the appearance of bias and the potential to influence the elections in their favor. It should be noted, however, that the Committee on Elections is charged with implementing the Elections Guidelines and conducting the elections themselves. It does not nominate but rather provides a reference list of candidates who are eligible to appear on the first and/or second ballot, based on the specific criteria previously described.

#### **Alphabetizing candidates' names**

Another change for the 1990 elections is on the alphabetization of candidates' names. Some members have expressed concern that our present alphabetical listing could favor candidates with names toward the beginning of the alphabet. We have

attempted to study this phenomenon and find it difficult to prove or disprove the thesis. For the 1990 elections, we will randomly select the top name on each slate, with the other names following in alphabetical order.

#### **First-ballot reference list**

As previously indicated, the Committee on Elections provides a reference list of candidates (about 100) for election to the Board as a means of facilitating that portion of the elections. Candidates' names are generally assembled based on their activity in the Society of Actuaries or other actuarial organizations. Past surveys have told us that voters have found the reference list helpful. The Canadian Institute of Actuaries, on its first ballot for members of Council, does not supply a reference list, and this is an alternative to our current procedures. Of course, Society voters can always write in additional names of candidates to appear on the Board slate.

#### **Summary**

These are some of the key issues being examined in our study of the elections process. Again, as I have indicated throughout this report, your thoughts on these matters are essential to creating the kind of elections process that will provide the best leadership for the members and the Society of Actuaries. I encourage you to share your ideas by writing to *The Actuary* and complete the survey when you receive it this year. Most important, please vote on both the first and second ballots.

Gary Corbett, a former SOA President, heads the Committee on Elections.