



SOCIETY OF ACTUARIES

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Question: *When and why did you decide to become an actuary?*

Rappaport: In 1958 I left college and needed to find an opportunity to use my strong math background.

Becoming an actuary was a way to use my math, prove my math capability by taking exams, make good money, and have a business career.

Question: *What do you like most about being an actuary?*

Rappaport: I enjoy the diverse challenges and wide range of problems I've dealt with. In my current area of practice, I work with clients and have handled a variety of business and technical problems involving the financial security of employees. My focus is on pension and health benefit issues. I try to tie an organization's business strategies together with its employee benefit issues. I like fitting technical and business elements together. I also feel that what I'm doing is good for people. I like working with financial security systems. I can look back over the years and feel that I've contributed something of real value to people and that what I'm doing is very worthwhile.

Question: *What do you like least about being an actuary?*

Rappaport: I'm really lucky, because I've been able to structure my job to do what I like to do, and I don't really end up doing anything that I don't like.

Question: *What are your interests outside of your business and professional responsibilities?*

Rappaport: I'm a watercolor painter. People who have visited my office have seen some of my paintings, as have people who have visited my home. I like to do semi-abstract work,

as well as landscapes and an occasional still life. And I often try mixed media. I also love the underwater and go snorkeling. I try at least once every year to do that. We were snorkeling in the South Pacific in Bora Bora earlier this year, and we've gone to the Caribbean almost every year. I also enjoy swimming, being outdoors and I enjoy my family and our children.



Question: *Why do you want to be President of the Society of Actuaries?*

Rappaport: I've been heavily involved in the Society with various committee activities for over 20 years now. I believe I can make a difference. The profession has focused a lot of energy on what I would call "family business" or inside matters for a long time. We've worked at how we are structured, what we are doing, and what our committees are doing, but we're not paying enough attention to two things I care a lot about, so I would like to redirect our energy.

First, I think we need to focus more on building a knowledge base. It seems to me our knowledge base is what we live or die on. Second, I am

concerned about a number of problems in the United States related to financial security, healthcare, Social Security, and what the demographics mean to our future. As actuaries, we're not very involved in some of those issues because we tend to get wrapped up in the technical issues of our own actuarial world. I'd like us to focus more on some of these external issues, and less on how we run our own affairs.

Question: *How will you balance your responsibilities as President with your business responsibilities?*

Rappaport: I have a heavy work load, as most of us do, but I feel extremely fortunate to have very good people working around me. I think they will take on more of the load of working with my clients. In the last few years, I've also worked on special projects, so that some of my client time has involved ongoing regular work and some has involved special projects. If elected, I would expect to do less special project work and have the other team members pick up more of the client load. I was able to be gone for a month recently, partly on business and partly on vacation. All of the team members working with my clients did a great job. Everything was fine.

Question: *Do you feel that the Society has the right balance of professional staff and member volunteers?*

Rappaport: That's hard to say. Since the time I was on the Board as Treasurer and then as Vice President, the Society staff has certainly grown. We need good staff. I am equally concerned that we use our volunteer time well. There may be some areas where volunteers have reached their "limits," and we may not be able to use them as much in the future. A

related issue is what do we do for ourselves as the Society of Actuaries versus what do we look to the universities to do for the profession. It's possible that we may look to outsiders for some activities previously done by volunteers, in addition to using staff.

Question: *How should the Board and members best interact?*

Rappaport: That's a difficult question. I served on the Board for a number of years as a member, as Treasurer, and as Vice President. It's easy for those on the Board to become detached. Because of the requirements of Board and Executive Committee service, we tend to talk a lot to each other. We need to find better mechanisms to get input from the members, but I'm not sure of the best way to do that. Actuarial club visits are certainly desirable. Occasional membership surveys are probably useful. But this is something we need to think through, because the size of the organization has changed so much and the issues are more complicated today.

Question: *What do you feel is the greatest strength and greatest weakness of the Society's Education and Examination system?*

Rappaport: I think the greatest strength is that it's rigorous. We have different specialties, but there's a comparable high standard that everybody meets. The high standards have served us very well. With regard to weakness, we've tended to be inbred. Almost all the people involved in running the system have come through it. We've learned and been qualified through the same system. We designed the system. We teach the next generation, and it's been difficult over time to get new ideas. We don't focus enough on the outside world. In spite of that, I'm very encouraged by

what's happened in the last few years. The other great strength of our system is the dedication of the members who have served as volunteers.

Question: *Do you favor continuing education requirements for Society members?*

Rappaport: I certainly favor continuing education, but I haven't given enough thought to whether or not there should be mandatory requirements. I'm quite distressed at the application of the mandatory requirements for the Joint Board. The Joint Board rules call for a number of core and noncore hours. The result has been that people who need to maintain enrollment are attending meetings which frequently cover a fairly narrow range of topics and issues. Often in their practice they've already had to deal with these issues, but they must attend a meeting for the credit hours. So, while it's a good thing to learn and grow, mandatory continuing education can be counterproductive if not structured properly. It's very important for the Society to take a strong role in continuing education.

Question: *What form of continuing education do you think is the most valuable?*

Rappaport: It depends on the individual, their situation, their employment and where they are in their life. For many people, especially those who have been out of school for 15 or 20 years, it might be appropriate to enter a serious program of study. I personally went back to school in 1980 in the evening and got a masters of business administration from the University of Chicago. But that's a serious endeavor, and it won't be appropriate for everyone. If people are able, they can pursue continuing education by reading and by the work they're doing.

It's critical to remain current on the regulations and technical issues. But if a person's need is learning to communicate better, then he or she probably needs a workshop on communications or writing skills.

Also, everybody needs to stay up-to-date on their area of practice and on new technologies. Seminars can be extremely helpful and, depending on the type of subject, case studies or role play are effective. In-company seminars might be very good for a larger company, but one probably needs to go outside if employed by a smaller firm. I think tapes are also helpful, as are written materials. Most importantly, we should be able to tailor continuing education to the individual. Because actuaries are in many different kinds of jobs, what they need varies greatly.

Question: *Are you satisfied with the Society's current level of research activities and their financial support?*

Rappaport: I'm not satisfied with the research effort within the actuarial profession. I don't think I'm satisfied with the financial support, but I would have to study that more. I'd like to distinguish between the Society's level of research and research within the actuarial profession. Some research is directly sponsored by the Society, and other research is done by actuaries without such sponsorship. The Society could do a lot to encourage, facilitate, and publish those results within the profession and to other interested communities. I don't see as a solution to research needs the Society setting up committees to do more research.

Much research is done in universities. I'm very concerned about the role of universities and encouraging the expansion of the actuarial role in the university. In that regard, I think the financial support for universities doing research is not adequate. Whether the Society needs to provide more support or whether other methods of funding need to be found are questions to explore. We need to find a way to tie the profession more closely to the universities. That would lead to more actuarial research within the universities.

We also need to disseminate that research more widely. Dissemination is a complex issue. There is research which is finished that the researcher can publish as a paper; there's also research that's in the building stage where researchers want



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churning in what the Society is doing, as different presidents emphasize different goals.

We have had what seems to be a large number of mammoth committees doing very serious studies of the future, the present, and other things. I'm a bit concerned as to just how full the Society's plate is.

I would try very hard to stress the point that as a profession we receive certain rights from society. And in return for those rights, we have certain responsibilities to meet. I would want to focus the Society's activities so that I could say we are trying to meet our responsibilities to society and to move towards what the Crawford Committee emphasized — the dedication to service, people, the society that gives us our rights. Because, otherwise we're not a profession, we're a trade organization.

Question: *Is there anything else you would like to comment on or emphasize?*

Watson: I would try very hard to live up to the Society's past achievements and try to leave the Society a somewhat better organization than it was when I came in. And I would try to listen to the members.

1990 AERF Practitioners' Award

The Actuarial Education and Research Fund is planning its third annual Practitioners' Award for research done in 1989. This award is to recognize the considerable research done by actuaries working in a nonacademic setting and to encourage the publication of research performed in the working environment. Submissions must be made to AERF by August 1. Announcement of winners is scheduled for October 1990. For rules and requirements on the Practitioners' Award, call Mark G. Doherty, Executive Director of AERF, at 708-706-3571. The top prize is \$1,000 and honorable mention prizes of \$500 are possible. The AERF anticipates publishing submitted papers in the *Actuarial Research Clearinghouse (ARCH)*.

Berlin Interview cont'd

unification. The issue has to be explained to the members. The membership has to understand the wastefulness of redundant dues, redundant committees, and overlapping committees among the actuarial organizations. In practice, this will not be overcome easily. It will take either a major crisis or an evolutionary process.

I think the first step, though, is to make the membership aware of the wastefulness, and to urge the formation of joint committees on the important subjects rather than a proliferation of committees within different organizations.

Question: *If you are elected President of the Society, what one issue or task would receive your greatest attention?*

Berlin: Among the concerns of anyone elected to this office would be the appropriate and proper role of the Education and Examination Committee, presently and in the future.

Often not discussed is that one of the fruits of Society of Actuaries membership is the fact that we have extensive job opportunities. We must always relate to the marketplace and be sure that we're training our members so that there will be future job opportunities for them. A current example is the development of a proposed investment track. This too involves the E&E function.

And most of all, we have to move with the times. But we have to move conservatively and not get so far ahead of the members that they rebel. The most important issue is the E&E function in the future. It got us to where we are now and will get us to where we will be. But one doesn't lead by pronouncements. One leads by listening to and working with the membership.

Question: *Is there anything else you would like to comment on or emphasize?*

Berlin: This experience has been a sobering one for me. It's a great honor, and win or lose will remain a great honor. I appreciate the opportunity.

Rappaport Interview cont'd

to exchange ideas. The networks in the Society might be able to provide a forum for that. To some extent, ARCH does that already.

I'm also concerned about the actuary's focus on research — it's probably too narrow. For example, in the area of healthcare, we tend to focus on issues relating to employee benefits and insurance products. We don't focus on broader issues. If we think about actuaries and our education and what we're prepared for, why shouldn't we be thinking about broader issues? Why shouldn't we be thinking about the demographics in a broader context? AIDS is another area where a number of actuaries have done modeling and written papers, but most of our focus — not all by any means — but most has been on implications of AIDS for insurance. I'm not satisfied.

I am encouraged, though, because I think the Society has taken big steps forward in revitalizing the research process. I'm proud that I was involved in the task force that made recommendations about how to revitalize the research process.

Question: *What should the profession's approach be to principles, standards, and discipline?*

Rappaport: This is a difficult question. I've been a Fellow since 1963. I've been involved in professional activities since the late 1960s and this question has been debated during virtually that entire time. One of the problems is that it's easy for us to talk about standards and discipline. However, when the tough decisions come along and we see something that's possibly not quite up to the standard we'd like, it's very difficult to do anything. I know the Actuarial Standards Board is now in place. I'm not sure whether it's working. A tremendous amount has been done in the last decade. We need to ask if it is working well. If it's not, where do we move from here? Actuaries aren't the only people that are struggling with this. The accounting profession has been struggling with this for years. I would start with looking at the good work done in the last few years and then try to understand what's working and what's not working. The next step is to support what's working or try to improve on what's not.

Rappaport interview cont'd

Question: *What do you think the Society can do to increase public recognition of the actuarial profession?*

Rappaport: I'd start with the way we focus on issues. There are a couple of different problems with public recognition. Historically, people haven't known who we were, although I think more people know who we are today. One of the issues is how we apply our discipline. If we apply it very narrowly, then people will see us as narrowly focused; so we need to apply our discipline more widely.

I'm very encouraged by *Contingencies*. *Contingencies* has been great in terms of taking current issues, getting actuarial perspective, and then disseminating that information. We need broader focus, and we need to reach more audiences, but we also need to be careful about our perspective. I've spent some time in Washington. Some people don't know who we are, but a lot do. The problem is that often they think we're an interest group representing the insurance industry.

More individual actuaries should take a broader focus and try to publish their work. We can seek to publish our work in nonactuarial as well as actuarial publications. For example, financial security is a topic that has received more public attention in the last few years. *Businessweek*, *Newsweek*, *Time*, all regularly publish articles about Social Security, pensions, healthcare, etc.

Question: *How can the Society best support the Academy and the Canadian Institute in their efforts to carry out public interface responsibilities for the profession?*

Rappaport: Let's return to an earlier comment. Building the knowledge base and being broad based in the way we do that is critical. In many cases, we start to focus on an issue when it's already at the point for public interface. If we've built the knowledge base before that time, that will really help. A lot that we do is driven by underlying social forces, and one of the key forces is demographics. If we look at the demographics and the dynamics of aging in the United States — the aging baby boom population, what we know as retirement age today and its implications by 2020, 2025, and after that, and similar issues — we can see issues coming along that are related to demographics.

We need to do research. Then from the point of view of the Academy, when issues get into the public policy arena, the foundations are there. If we don't look at those issues earlier, when things surface in the public policy arena, it may be too late. I think the issues faced by the CIA might be quite different, and I'm not sure if we need to support the CIA in the same way but, again, I think the knowledge base is important. Also we need to make sure our education system responds well to Canadian needs. If we build our knowledge base, we facilitate research, we publish it well, and we reflect the knowledge base in our education, then that provides the support we need to be effective in public interface.

Question: *If you are elected President of the Society, what one issue or task would receive your greatest attention?*

Rappaport: Building the knowledge base and making the knowledge base respond to the outside issues would be my focus.

Question: *Is there anything else you would like to comment on or emphasize?*

Rappaport: I see this as a really critical time for the profession. With the federal budget deficit driving public policy, with so much public policy related to financial security, so much legislation affecting employee benefits in the last decade, and so much threat of further legislation, it's really important that we focus broadly on outside issues.

Actuarial research conference

The Twenty-Fifth Actuarial Research Conference will be conducted August 23-25 at the University of Western Ontario. To obtain a registration form, call the University of Western Ontario at 519-661-3613 or 519-661-3617, fax a request at 519-661-3813, or address a request to the 25th Actuarial Research Conference, Department of Statistical & Actuarial Sciences, University of Western Ontario, London, Canada N6A 5B9.

In memoriam

Charles E. Probst FSA 1948

1990 PR campaign cont'd

The program officially opened at a press briefing at the National Press Club in Washington, D.C., where it was announced what the profession believes to be the five greatest challenges facing the continent in the next century. Those challenges are: (1) Providing medical care in a high cost environment, which includes such subject matter as healthcare for the uninsured, catastrophic care, and long-term care; (2) Financing automobile insurance, which includes risk classification issues, rate rollback provisions, uninsured motorists, and no-fault insurance; (3) Saving for retirement, which includes Social Security and deficit reduction issues, private pension plans, and tax incentives for individual savings; (4) Environmental risk, which includes insurance coverage for both natural disasters and such events as oil spills and nuclear accidents; and (5) The graying of the continent, which includes topics like mortality rates, changing demographics, the cost of living longer, and changing education and immigration patterns.

These challenges, plus an ever-growing list of subheadings, resulted from discussions among advisory group members. These five broad headings make up the framework of the campaign and will be worked into breaking news stories with actuarial components. Fact sheets on each broad subject area will be prepared from already-existing material and data from a variety of sources.

The campaign will include presentations throughout the year from three trained and well-rehearsed spokespersons: Robert L. Brown, of the University of Waterloo Department of Statistics and Actuarial Science and president of the CIA, will speak on Canadian subjects; Jim Murphy, executive vice president of the Academy, will speak about U.S. topics other than casualty; and actuarial consultant Fred Kilbourne will talk on U.S. casualty issues. These individuals will not express any actuarial organization's collective thoughts or public statements on these challenges. They will express their personal views, drawing upon the actuarial thought reflected in the background information prepared for them and the nation's news media. The key to this campaign is to point out that actuarial expertise exists on a variety of issues that affect people's lives in very important ways.