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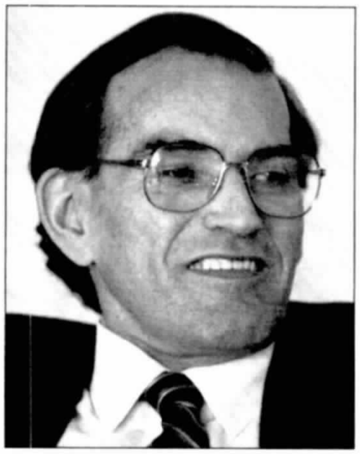

Charles Barry H. Watson

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Question: *When and why did you decide to become an actuary?*
Watson: I was encouraged to become an actuary when I was still in high school. I went to the University of Toronto and I was good in mathematics. I didn't particularly want to teach and at that time actuarial science was one of the few places that you could use your mathematical knowledge and yet at the same time not necessarily have to teach. There was another reason. I liked the idea of being an actuary because I felt the profession had a positive social goal – we were helping people protect their financial security and this was a very useful and valuable contribution to society. That may sound a little bit idealistic, but I don't think so.

Question: *What do you like most about being an actuary?*
Watson: What I like most is the feeling that I am contributing something of value to society. I think that I'm using my mathematical talents, my abilities, my gifts if you will, in a way that helps others. I like that. I'm a consultant and I work directly with clients, with people, as opposed to being an administrator. I think that my best shot is being able to solve people's problems.

Question: *What do you like least about being an actuary?*
Watson: I am worried about what's going to happen to the profession in the future. I see tendencies developing that may make it more difficult for actuaries to use the freedom and flexibility and inventiveness that we have used in the past. There seems to be an increasing tendency to regulate and control, and it's not just from government. For example, in California, a populist proposition attempts to define what an insurer's premium rates should be. Some of the controls are good, some are bad, but they certainly make it more difficult for the actuary to be flexible.

If I had children who were thinking of entering the profession, I would be worried about whether I could say, yes, it's going to be as wonderful a profession 30 years from now as it has been for me. That's something I do worry about and I think the Society and the profession need to do as much as possible to address and solve this problem.

Question: *What are your interests outside of your business and professional responsibilities?*
Watson: I do a lot of reading. I like to read history, science, and fiction. I play a lot of bridge. I'm not a naturally built sportsman, but I'm very fond of sports. I'm an ardent, albeit unsuccessful, Rotisserie baseball league team owner. I scuba dive and I like to travel. And I take a vital, and at times active, interest in public affairs.

Question: *Why do you want to be President of the Society of Actuaries?*
Watson: I don't think anyone would want to be President if they didn't think they could contribute to their profession, and pay off some of the debts they owe it. The profession has been very good to me and I think I can help to make it better for others. You could argue that might be a little egotistical, but I've worked very hard for the profession over the years. As the Society's first Executive Director, I think I did a lot to start the Society on the path it has followed up to the present. I've contributed a lot to the Education and Examination system and to many other committees. I've been on the Board and have been an officer, not only of the Society but of other organizations – the Academy, the Conference. There's no doubt that the Society is the preeminent professional organization and if I'm going to make a lasting contribution to the profession, this is where I'd like to do it.

Question: *How will you balance your responsibilities as President with your business responsibilities?*
Watson: As a consultant, one has responsibilities to certain clients, but usually other people are working with you to care for these clients. They will be able to fill in for me to the extent necessary. Our company always has a team working for each particular client.

Question: *Do you feel that the Society has the right balance of professional staff and member volunteers?*
Watson: That's a difficult question. It's perhaps a bit more difficult for me to answer because for the past few years I have not been involved in those Society activities that deal directly with the professional staff. It has been several years since I've been on the Executive Committee and there has been a tremendous expansion in the staff since then.

I think, though, that one of the great strengths of the Society has been the willingness and ability of the members to assume the roles and functions they have. For example, the Education and Examination system has been a marvel. We've achieved so much with so little in terms of a structured, full-time organization. But I realize that in the past four or five years that's changed considerably.

I think we need to be very careful about handing over too much to professional staff, because our members' participation as volunteers has kept them actively involved within the profession, supporting the profession, and really feeling that they are part of a living, vibrant body. We have to make sure that they are not cut off from that.

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

Watson: With transparency. I think the members should know, should have a right to know, what the Board is doing. The Board has an obligation to report to the members. I think the reporting needs to be more complete than it has been in the past.

Making the Board's minutes available to members is a good idea, but in return the Board needs to pay attention to what the members are saying. The Board did not pay attention to what the members were saying over whether there should be examination credit granted for college courses. What ultimately happened did, I think, unfortunately reflect badly upon the stewardship of the Board for the members.

In a professional organization like the Society, there is no distinction between leaders and members. We are all members. Some people hold certain positions, which means they have certain responsibilities. One has rights as a member, but responsibilities as a leader. The Board and officers must remember this and act accordingly.

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

Watson: I think the greatest strength is that we have managed to create an educational system that is truly meaningful for our own profession. What we require the students to master is basically what they will need to function as actuaries. One can argue that perhaps we aren't as quick as we should be to pick up new things, but I think it's more important to make sure that at least what we've got is relevant for the students.

One of the ways we achieve this is through substantial member involvement in the system. These active professionals are extremely valuable and, as I said earlier, we have to make sure we don't lose their involvement by handing over the system to more professional personnel.

I am bothered somewhat by suggestions we give over more control to the universities. I think inevitably there will be a tendency for the system to become more theoretical than it is at the present time.

Also we have a flexible system, through dividing the syllabus into smaller examination units, and we should keep this flexibility. However, I wouldn't add courses on management techniques, computer programming, interpersonal relations, etc., that some people think we need. There are plenty of places to get that sort of information. We need to have an educational system that addresses the fact that we are training actuaries, not all-purpose managers. The content of the system should be actuary specific.

One of the greatest drawbacks we have is that it still takes a long time to become a Fellow, and I don't know what can be done about this.

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

Watson: I think they're necessary, because we will be asked to demonstrate that our knowledge is relevant. We'll be asked to do this by society, our clients, and government. They want to make sure we really know what we're talking about, and they believe a continuing education system achieves this. The concept is certainly well entrenched in the accounting and legal professions. People ask why we should be any different.

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

Watson: The form that would assure people most that we really had a continuing education system and that would make it absolutely necessary for our members to pay attention to continuing education is requiring requalification by examination every five years or so. Having said this, I have no desire to recommend it, because I think it's a case of overkill. I don't think any of our members would, and I know I wouldn't, want to take another examination every five years, probably not even every 10 years. I think the next best solution, in terms of the goals I mentioned, is something like what the Joint Board requires. It requires that one must acquire so many hours of credits annually or every triennium. The problem is that it's very easy to sit through a program session or seminar, amass your credits, and never really learn very much. Still, it's much better than nothing.

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

Watson: Is anyone? I don't think so. Research is a very tricky question because you have to decide about research for what. The Society does conduct a fair amount of research, but it is oriented towards the particular needs of employers rather than towards the needs of the profession. For example, the research area with the greatest financial support has been the experience studies. It has only been within the last year or so that significant money has been devoted

"I would want to focus the Society's activities so that I could say we are...meeting our responsibilities to society and to move toward... dedication to service, people, the society that gives us our rights."

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Sondergeld interview cont'd

North America. Having six actuarial boards debate issues and reaching compromises suggested by the Council of Presidents is not necessarily in the best interests of the SOA, which has the largest membership.

***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?*

Sondergeld: Work is being done on that with a working agreement being developed by the Council of Presidents to see how some structural and committee changes could be made and to determine who's responsible for what. Getting agreement on those items will be a step forward. I feel strongly that we should have another go at unification, but that is something that the membership and Board must agree to. Until that happens, I fully support the steps now being taken.

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

Sondergeld: The area I would focus on is the planning process – how to plan for change and how to respond to change – so the Society of Actuaries can move faster than it might otherwise due to changes in leadership and the excellent but part-time volunteer organization we have. We need a planning document that is subject to change, but one we can follow from year to year. Clearly, related to that process is the unification issue, which pops up and then dies down. To some extent, it seems like each time we have a new President we have a new issue endorsed by that President. I would like to put in place a process that would move the Society and the profession forward faster in spite of whoever happens to be President.

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

Sondergeld: I have a different background than the other candidates, having worked for an insurance company my entire career in three major capacities. I started the group pension operation at the Hartford Insurance Group back in 1967, but I was always either chief actuary or chief financial officer involved in corporate matters. I think I have a broad view of the different activities actuaries are involved in. My management style is to ask questions and then listen. I think that style will help focus the Board on the issues that we face.

Watson interview cont'd

to anything else. We should want to encourage diversity and flexibility and to make sure that we avoid the danger of research being oriented only towards practical, immediate needs.

The Actuarial Education and Research Fund has been a very useful means of putting money into areas which don't have that sort of practical focus. Unfortunately, the Fund has never had much money. Being on the Board of the Fund, I'm undoubtedly biased in this regard, but I think one useful place for the Society to put some of its money is support of the Fund. Some of its projects are extremely exciting and could help to expand the scope of the profession in a way that might not come about within a more formal approach.

One concern I have is that, if research is done through encouraging actuarial science programs at the universities, this encouragement should not be limited to a few well-known and well-established colleges and universities. We don't want to starve the other programs.

We need to encourage our employers and our members to give money to support research. I think the insurance companies and consulting firms have for many years been living off actuarial research and actuarial knowledge and have not been encouraged enough to pay for them. We haven't made the case why it is in their interest to do this, and I think we can and we should.

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

Watson: We need discipline and our code of professional conduct. We need to have that code policed and enforced. We need to have better disclosure of the fact that we are policing and enforcing it. There must be situations that we have not adequately policed, or there will be some. We must minimize this.

We need standards of practice because we have a lot of members in small firms and companies who need the support of the Society. More situations will develop in which our members will need our support. That means having standards and being willing to advertise and enforce them.

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

Watson: A recent report by the Crawford Committee in Canada calls for the rededication of the Canadian Institute to the concept of public service. I think that sort of rededication is exceptionally important for the actuarial profession – here, just as much as in Canada. If we orient our activities towards that end, we will do a much better job of making people pay attention to us. We need to speak out a lot more than we have on matters that are important, for example, statements on social programs, statements on what we think should be done in the insurance area. I realize there are problems here. One can never get 100% agreement on anything.

***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?*

Watson: As a profession, we are small and without many members, and we need to have a fairly united front. We shouldn't look like a group of people talking in four or five different ways. We need to cooperate and to rationalize our activities. We shouldn't have a multiplicity of committees doing similar things and ending up saying different things. It means that we need to define the role of each organization and defer to that organization in that role. That doesn't mean we can't give advice to them.

The CIA is largely the Canadian counterpart of the Academy, but it's different in that it has educational responsibilities in Canada. It has to ensure that persons authorized to function as actuaries in Canada have an adequate training within the Canadian system. Therefore, there is an overlap with the Society and with the Casualty Actuarial Society because Canadian content is addressed in both sets of exams. But I think we can cooperate and define what each one does and support each other.

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

Watson: I think there is a danger that, if one picks out specific issues in advance, one can get a sort of