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The Newsletter of the  
Society of ActuariesVOL. 24, NO. 7  
JULY/AUGUST 1990THE  
ActuaryNew public  
relations campaign  
set for 1990

by Erich Parker

An advisory group representing six North American actuarial societies recently helped design a new public awareness campaign for the actuarial profession in North America, which will extend Forecast 2000 into its second year. The advisory group – comprising representatives from the American Academy of Actuaries, American Society of Pension Actuaries, Canadian Institute of Actuaries (CIA), Casualty Actuarial Society, Conference of Actuaries in Public Practice, and the Society of Actuaries – recently met with public relations staff from the Academy and Edelman Public Relations to complete plans for the new campaign.

This new 1990 campaign will build upon the considerable successes achieved last year, which included media exposure and enhanced recognition of actuaries as experts in analyzing and forecasting future costs and business risks. Last year's Forecast 2000 won the Thoth award from the Public Relations Society of America, Washington, D.C., Chapter, for the best institutional public relations program in 1989. The cosponsoring organizations of the Centennial received awards in July for their involvement in the campaign. For the 1990 campaign, efforts will again focus on reaching business and opinion leaders, public policymakers, and the general public through a variety of news outlets (print and broadcast, national and regional, general audience and trade press).

Continued on page 12 column 3

Interviews with  
presidential candidates

by Linda B. Emory

Included in this special issue of *The Actuary* are interviews with the Society of Actuaries second-ballot presidential candidates. The Committee on Elections asked *The Actuary* staff to interview the second-ballot presidential candidates and to publish the interviews to help members become more familiar with the candidates. These interviews are part of the changes being made in the Society 1990 elections procedures. All changes were explained in the "Elections Report" supplement to the April 1990 *Actuary*. The second ballot, which will also contain a 200-word position statement from each presidential candidate, will be mailed to Fellows July 24.

Since this was the first time such an interview process has been conducted, we thought you might like to know about the procedure followed. First, the questions were prepared by *The Actuary* Editorial Board. Gary Corbett, Chairperson of the Committee on Elections, reviewed the questions in advance. The questions were based to some extent upon responses from a recent questionnaire where members identified issues of most concern to them.

Once the second-ballot presidential candidates were known, they were invited to Chicago for individual interviews. For each interview, Linda Delgadillo read the same questions in the same sequence to each candidate. All answers were tape-recorded. Steve Radcliffe, Associate Editor of *The Actuary*, was present for three of the four interviews to introduce the process and assure that each interview

was conducted equitably and impartially. John O'Connor, SOA Executive Director, sat in for Radcliffe at the fourth interview. *The Actuary* staff edited the interview transcripts, and these were reviewed by Delgadillo, Radcliffe, and me. Pictures were also taken throughout the interviews by a professional photographer. Each candidate was allowed to read and edit the responses printed. The name chosen for the first interview printed was by random draw after eliminating the name previously chosen to appear first on the second ballot. The other three names appear in alphabetical order.

We would like to express our appreciation to the candidates for their cooperation and patience in this first interview endeavor. If this process is repeated, other candidates will have a better idea of what to expect.

The Board of Governors, *The Actuary* Editorial Board and the Committee on Elections encourage members to write letters giving their reaction both to the interview content and this process.

Linda B. Emory is Manager & Actuary – International Division, Nationale-Nederlanden.

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# THE Actuary

## The Newsletter of the Society of Actuaries

VOLUME 24, NO. 7  
JULY/AUGUST 1990

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### Donald R. Sondergeld

Executive Vice President  
Mutual Benefit Life  
Insurance Company  
Newark

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

**Sondergeld:** After graduating from Bowling Green State University in 1952 and serving in the Army during the Korean conflict, I enrolled in the University of Michigan with the objective of getting a Ph.D. in mathematics. I roomed with George Andrews, a graduate student in the actuarial program, and through him, became interested in actuarial work. After a year, I received a masters degree in theoretical mathematics, and joined Connecticut General as an actuarial student. However, the year I became an FSA, George received a Ph.D. and currently is professor of mathematics at Oberlin.

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

**Sondergeld:** Every year I'm involved in something new and different as the business changes, and I like dealing with change. Actuaries are on the leading edge of any change that is occurring within the insurance industry.

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

**Sondergeld:** Perhaps the jokes about actuaries. Although I do repeat them.

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

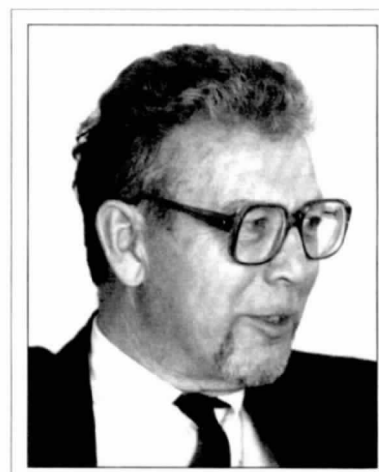
**Sondergeld:** My wife, Mary, and I spend a lot of time with our five children who range in age from 21 to 30. One of them is an actuary. I'm also interested in a number of things like bridge, chess, mathematical recreations, the study of fractals, and I'm an avid skier and tennis player. I should also mention my passion for building rock walls, raising flowers, and feeding the birds.

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

**Sondergeld:** I've been in the insurance business for 35 years, and I've always done actuarial work. I've been involved in many different areas of the profession, and I think that I would do a good job.

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

**Sondergeld:** I am confident that I can devote the amount of time necessary as President. I've discussed this with my CEO and have his strong support and encouragement.



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

**Sondergeld:** Probably not. One of the things I changed when I was chairman of the Individual Product Development Section was to structure that organization to build more continuity. When we have transient, part-time leaders with one-third of the Board and half the officers changing every year — it's

difficult to react quickly and to have continuity of purpose and direction.

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

**Sondergeld:** That's a tough question which the Board has been addressing. Some people don't think the Board listens, and sometimes it doesn't. I know the Board is attempting to open up a dialogue with our members. A number of steps already have been taken to improve that relationship, such as articles by the President in *The Actuary*, letters from members that appear in *The Actuary*, and direct contact between Board members and Society members. One experiment, which I supported, was the "Meet the Board" sessions held at the spring meetings. At the Hartford meeting, only three people came to the "Meet the Board" session and there also was a small turnout in Dallas. That doesn't mean we shouldn't have "Meet the Board" sessions; they may simply need further promotion. We must continue to seek ways to open up effective communication between the Board and the membership. Membership surveys could prove helpful.

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

**Sondergeld:** One of the greatest strengths is a modern syllabus that is now subject to more frequent revision. Associated with that is the existence of specialty tracks which will likely increase in number. The fact, as well as the perception, that the examinations are fairly graded with consistent high standards also is a strength. A major weakness is that we don't have enough academics involved in our educational system. I chaired the Task Force on Strengthening the Relationship between the actuarial profession and the universities in North America. I expect a long-term benefit of that activity will be more utilization of educators to help shape our syllabus and to improve the education process in ways acceptable to our membership.

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

**Sondergeld:** I strongly favor some form of continuing education requirement or recognition. I still serve on the initial Committee of Continuing Education of the Conference of Actuaries in Public Practice, which was

the first actuarial organization to institute a program of continuing education recognition. All actuarial organizations in North America should focus on a common standard of continuing education requirements, rather than each organization either having its own standards or having no standards. The public's perception of a professional is not enhanced when it learns that an actuary need only pay dues to remain an actuary.

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*"One area I would focus on is the planning process — how to plan for change (in leadership and volunteers) and how to respond to change — so the Society can move faster than it might otherwise."*

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

**Sondergeld:** Continuing education can be achieved by various methods. Reading material, seminars, and tapes are all acceptable. One area of disagreement is whether a Dale Carnegie course or a course in communications should count towards continuing education. The Conference committee debated this subject some years ago, and it felt that continuing education requirements should initially be restricted to technical actuarial matters. I believe such courses should qualify towards continuing education, provided a minimum standard on technical actuarial topics is required.

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

**Sondergeld:** The Board is now unanimous in its commitment to devote more effort to research. Research is necessary for every profession. The funding of research is a major issue that has been and will continue to be discussed by the Board. By strengthening the relationships between universities in North America and the actuarial profession, we will stimulate more university-based research. This will be helpful as the actuarial profession changes and is modernized in the years ahead.

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

**Sondergeld:** It's tough to answer that question without talking about the subject of unification. It's also related to the responsibilities for different functions that the Society of Actuaries and other actuarial organizations are discussing today. My long-range view is that if we continue to have the Society of Actuaries, which is more

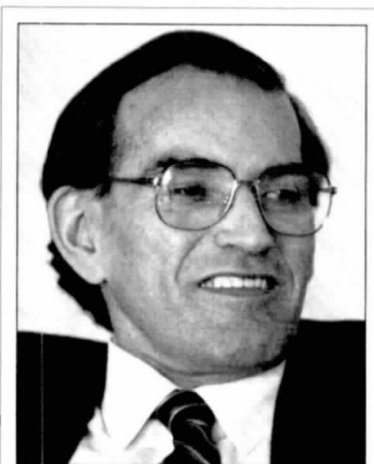
education, theoretical, and research oriented, separate from the Academy and CIA, which are related to practice, then it makes more sense to have discipline, standards, and also principles in the practice bodies, rather than in the degree-granting or educational bodies.

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

**Sondergeld:** Public relations is a function that seems to be moving from the Society to the Academy and CIA, yet the Society is clearly interested in improving public recognition and prestige together with a positive perception by its members. Over time this will become more of an Academy and CIA issue than a Society issue. It's important that we have standards of conduct and it's also important that we have member discipline.

The actuarial profession must have high standards of practice and should discipline its members when they are not meeting those standards. This will enhance the recognition of the actuarial profession as a profession in North America. Public recognition would also be improved if we had fewer actuarial organizations rather than the six we currently have in

*Continued on page 10 column 1*



Charles Barry H. Watson

Actuary  
The Wyatt Company  
Washington, D.C.

**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 demon-

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



"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."

strate 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

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



### Barnet N. Berin

Managing Director, Chief Actuary  
William M. Mercer, Inc.  
New York

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

**Berin:** Although I liked mathematics from the 5th grade on, I became a math major rather late in college. At that time there weren't many opportunities for somebody trained in mathematics, except for teaching. Gradually I found out about actuarial work, and I became committed when I read Jordan during my Army service. The study of life contingencies fascinated me.

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

**Berin:** I like the technical aspects of the work most. I enjoy discussing technical matters with other actuaries and with nonactuaries.

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

**Berin:** The least attractive part is the clerical, administrative work. But any job would likely have those particular aspects, and it's a small part of what I do.

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

**Berin:** I am concerned about the care of the elderly and have participated in several programs involving food distribution. I read as much as I can, and I'm thinking seriously of renewing an old acquaintance with the guitar. In the summer I spend as much time as possible horizontal by the local swimming pool.

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

**Berin:** It seems to me that over the last five or 10 years I've moved in a certain direction without having any general plan. I found my two tours of duty on the Board of Governors, once as a member and presently as a

Vice President, very interesting. Certainly a lot of problems and challenges were presented.

I found the interaction with the Board members stimulating. When asked if I would run for the presidency, I felt that I couldn't say no. Besides being a great honor, I have been involved in dealing with many different problems and the solutions aren't necessarily going to be easy. But I have some understanding of the solutions, and I have interacted successfully with members of the Board, as well as the membership.

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

**Berin:** The organization that I work for has been interested over the years in encouraging professional activity. I've been involved for some time in various committees of the Society of Actuaries and other professional organizations. The firm has always supported these efforts wholeheartedly and, I'm sure, will continue to do so.

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

**Berin:** This is a difficult question. Certainly the staff would appear small in relation to the assignments. While the staff is efficient, adding additional professionals is always a great temptation. But first I think the assignment and the need have to be very clear before filling the spot.

As far as volunteers go, I think the Society of Actuaries is vulnerable. The number of jobs has grown so large and demanding over the years that we're constantly trying to recruit. The base has expanded so much that you have to wonder about the limits.

I think the Committee on Planning should sketch out various possibilities for the future.

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

**Berin:** I think interaction in the past has been close to nil. I would encourage the members to attend Board meetings when they're held close to where they work. Although they will sit around the periphery of the table, they will hear and see everything and become aware of a myriad of problems, suggestions and solutions that they couldn't possibly pick up from the written reports that follow the meetings.

I would also encourage members to send in items for consideration as part of the Board meeting agenda. The various local clubs should encourage Board members to visit periodically and interact with the membership, report on progress, take questions, and try to provide answers. There is a pressing need for interaction, disclosure, and involvement.



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

**Berin:** I think the greatest strength is the development of the underlying technical material that makes us actuaries. That has got us to where we are right now. The greatest weakness is the totally voluntary nature of the commitment on the part of the people who serve on the E&E Committees and the need always to revise, update, and add new material. So far I think we've managed. There have been gaps in the field that I know best, but in recent years this has been closed. However, again I think we have to be concerned about the future in terms of how the E&E function will operate.

I think the more important requirement is evidence of good faith, that our profession is keeping up with a rapidly changing environment.

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

**Berin:** I like the teaching session with one instructor lecturing, classroom style, to an audience of 50 to 75 people, with illustrations, problems, and the opportunity for questions and answers.

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

**Berin:** I think the Society of Actuaries has made a great leap forward in recent years. Under Ian Rolland's

and they should be offered as minimum standards. In other words, one can do more than the standard indicates and one can do better, but one should do at least this much.

On the issue of discipline, I think in the past the Society of Actuaries and, as a matter of fact, all major actuarial organizations have been reluctant to press hard in the area of disciplining the membership.

A few outstanding cases are well known. But there are other cases that are raised and dealt with that are not well known. If the Society of Actuaries is to be seen by the public and by regulators as an effective organization dealing meaningfully in a positive way with its membership, then the few cases that require discipline should be examined very closely and the appropriate charge should be made to the parties involved.

I think other organizations — the medical profession, the legal profession, engineering profession — over the years have been more than willing to look the other way. I don't think we can continue to do so.

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

**Berin:** This has been a problem for many years. We have life insurance companies that are among the largest financial institutions in the world, providing secured insurance programs. We have employee benefits plans offered to most of the people in this country and Canada and we have actuaries who work successfully with social security programs.

As actuaries, we know this, but the nonactuarial public does not. In the area of public relations, we have a long way to go. We have to strengthen the public relations department of the Society of Actuaries and work hard at getting our name and accomplishments out before the public.

**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?

**Berin:** The Canadians are doing an excellent job in this area. In the United States, this question dodges the central issue, which is unification. I think most of the things that have occurred in the last 20 years or so have not faced up to the problems of

"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."



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

**Berin:** I think we are there already. I don't suppose there are many actuaries who in good conscience do not read extensively and attend seminars. The material that we have to keep up with is voluminous, and new material is continually added. It is difficult. Any outside source offering continuing education is welcome by most of our members.

Certain parts of the profession already have mandatory continuing education requirements. I think that adding a mandatory requirement is not something to be dreaded but something to be accepted as part of the obligation of the profession.

Some have said that if we don't require continuing education, the regulators will do it for us. I think that's probably true. But that's likely the weakest reason for having a mandatory continuing education requirement.

leadership and Irwin Vanderhoof's impetus, the Society has come a long way in the research area.

The Society is fortunate that Curtis Huntington is now leading the Research Policy Committee. There are a lot of projects underway. I think interacting with the academic community in both the U.S. and Canada will probably add even more opportunities.

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

**Berin:** I'm not sure that I understand the difference between a principle and a standard and I think that's a troublesome point. I found the distinction difficult to comprehend and I notice that people who are very active in that field occasionally have to go back to basics to distinguish between a principle and a standard.

I'm sure I'm in the minority, but I would favor clearing the air and calling it one or the other. However, in the area of standards, I think realistically these are minimum standards,



## Anna M. Rappaport

Managing Director  
William M. Mercer, Inc.  
Chicago

**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



*"Building the knowledge base and making the knowledge base respond to the outside issues would be my focus."*

## **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 situa-

tions 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

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.

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## 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.

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## 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.



After the initial press event has alerted the news media to the continuation of the Forecast 2000 campaign, efforts will focus on each major challenge for 6-8 weeks at a time. The campaign will target broadcast networks, leading newspapers (like the *New York Times*, *USA Today*, *Washington Post*, *The Wall Street Journal*, *Toronto Globe & Mail*), newsweeklies (like *Time*, *Newsweek*, *U.S. News & World Report*), the business media (like *Fortune*, *Forbes*, *Money Magazine*, *Business Week*), and the insurance and employee benefits trade press. Stories that position actuaries as experts in each of the broad subject areas will be sent to various media. The campaign will include editorial roundtables, ghost written opinion-editorial pieces, one-on-one news and feature interviews, and media tours. The program will be flexible enough to respond to breaking news stories and supply the actuarial viewpoint and expertise where appropriate. Throughout the year, this campaign will urge national journalists to, "Think actuary when you want expert opinion on issues and events related to cost and risk."

If polling the profession on any of these issues is necessary during the year, brief questionnaires will be distributed for that purpose. Currently, no surveys are planned.

As the year's campaign progresses, you will be kept informed of activities through this newsletter and, we hope, the continent's print and electronic media.

Erich Parker is Director of Public Relations for the American Academy of Actuaries.

## Correction

In the June 1990 *Actuary*, a line was omitted in the article "Society, CIA maintain healthy relationship" by Peter C. Hirst. The omitted portion (in italics) referred to Hirst's statement stressing that "it has been in the CIA's best interests to maintain a close and cooperative working relationship with the SOA (and the Casualty Actuarial Society), particularly in the area of E&E. This has also been in the interests of the Society, and that is why this relationship has worked so well."

# Dear Editor:

## Comments on elections process

I would like to express my thanks to the Society and to Gary Corbett for the current review of the Society's elections process, and also for the invitation to Society members to offer suggestions.

My main suggestion is that "approval voting" be adopted. Under approval voting, each voter can vote for as many candidates for each office as he or she wishes, irrespective of the number of vacancies to be filled. If there is only one vacancy, the candidate with the most votes wins; if there are two vacancies, the top two candidates win, etc. Voters can vote for individuals not on the ballot, although it is unlikely that a write-in candidate would win. In short, you vote for people of whom you approve as being potentially good office-holders, and you don't vote for the others. If you believe very strongly that person "A" would make a good Board member, then vote for person "A" and no one else on the Board slate. That will give person "A's" candidacy as much support as one voter can give.

Under approval voting, two elections would not be necessary. The Elections Committee would have to secure agreements to serve if elected and the 200-word position statements in advance of the first ballot, and the first ballot would decide the election for all positions. It might be advisable, if approval voting were adopted, to prune the list of potential Board members by imposing more stringent conditions for inclusion.

Julius Vogel

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I suggest that the Society of Actuaries solve the problem of having the Board reasonably represent the specialties, locations, and type of employment of its members as follows:

First, a specialty (pensions, health, etc.) would have to have at least 10% of the Fellows in its membership in order to qualify for consideration. Second, a geographical location would have to have at least 10% but not more than 25% of the Fellows working in that location to be qualified.

I would leave type of employment as a three-way split: consultants, insurance company actuaries and others.

Note that my rules would permit nine specialties and nine geographical areas. I am assuming that most Fellows will belong to just one specialty.

Finally, I would require the Elections Committee to assure that there will be at least one Board member from each specialty, location and type of employment by requiring the membership to fill a designated seat from one of two designated candidates. Note that this device can solve not only assuring a seat for a given specialty but also the geographic location by simply requiring that both of the given specialty candidates be from the desired geographical location. Once this system has been in operation for two years, there should not have to be more than three designated seats in any given election.

I think the 200-word statements by the candidates is an excellent idea. Long may it live!

Daniel W. Pettengill

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Gary Corbett asked for reactions to his "Elections Report."

- What is the rationale for preventing a Past President from ever serving again? Why not instead limit the number of terms or prescribe a minimum period between terms?
- I'm uncomfortable with guaranteeing Board seats to designated minority interests. Why not continue to allow the addition of extra candidates on the second ballot to ensure that the final vote includes such minority candidates, but have only the top vote-getters be elected?
- The candidate statements are an important addition to the elections process. No longer must someone vote based solely on which committees the nominee has served, etc., without any idea of the nominee's position on important issues.
- I don't have any particular problem with Committee on Elections members running for election.
- The more random listing of nominees is good. It is easy to get lazy and stop reviewing the list carefully (or at all) as soon as one has encountered the required number of candidates to fill the slate.
- The reference list is helpful.

John West Hadley

Continued on page 14 column 1

*Dear Editor cont'd*

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I support the recent changes introduced into the process for electing Society officers and appreciate the effort to inform members on how it works. Gary Corbett's "Elections Report" was interesting and informative. My only complaint is that the proposed reforms do not go far enough in opening up the elections process to participation by all Fellows.

Could Corbett clarify one point? He states that: "The Bylaws...make a Past President permanently ineligible for another term as President." As I read the Bylaws, an appointed President may be subsequently elected President, and an elected President may be subsequently appointed President. In fact, I see no limit on the number of times a Fellow may be appointed President.

My primary concern, however, is the restrictions placed on "eligible candidates" for Society office. For example, the list for the office of President-Elect includes those Fellows who have completed a term as Vice President, Secretary or Treasurer within the past 10 years, with some further restrictions, certainly well under 100 Fellows at any given time. I see no justification for this.

Undoubtedly, all the "eligible candidates" have spent many hours of voluntary service on various committees and offices. One might argue that election to a Society office is a reward for long service. I disagree. In the Society's former hometown of Chicago, the practice of rewarding long service by high office is called "machine politics." I hope the Society has better use for its offices than to reward Fellows for serving on committees.

While I realize that service on committees and in other offices provides valuable experience, under the current system this is the only acknowledged means for attaining the qualifications for office. Surely among the more than 6,000 Fellows, other potential candidates have acquired equal or greater qualifications to fill Society offices.

My suspicions are also greatly aroused when I see the same names appearing on the Executive Committee and Elections Committee, among the

chairpersons of other committees, and among Society officers. As I see it, the restrictions on eligible candidates provide a convenient means for Elections Committee members to ensure that like-minded candidates are elected to office.

I propose two reforms: First, that the Elections Guidelines (which are currently not published) be put to a membership vote. As a document that interprets and extends the Constitution and Bylaws in a vital area, the same two-thirds majority vote should be required for acceptance as for acceptance of an amendment to the Constitution. Second, any Fellow should be able to nominate any other Fellow for an office for which the nominee is eligible. Each nominee, whether proposed by the Elections Committee or not, would be treated the same throughout the elections process.

These changes would place the elections process out in the open and bring some fresh people and ideas into the governance of the profession.

Eric J. Klieber

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I would like to take this opportunity to express my appreciation to the Executive Committee and the Board of Governors for the recent changes in Society elections procedures. The addition of statements by candidates for office should dramatically increase the level of voter participation by providing insight into how the candidates view themselves to be qualified for Society leadership positions.

It is somewhat disappointing that we have no statements from candidates on the first ballot reference list for elected Board members. I realize it would be impractical to include 200-word statements from more than 100 candidates, but I believe there is a more economical way to provide some information to the electorate.

A short questionnaire could be devised covering several controversial Society issues and containing statements of opinion to which the candidates on the reference list could either agree, disagree, or express no opinion for each item. The results could be compiled into a one- or two-page table. The inclusion of this table in the materials for the first ballot would provide the membership with some

meaningful information on the views of the reference list candidates.

On the subject of reserved Board seats for underrepresented groups, I believe that it is impractical to extend proportional representation guarantees in a fair and equitable manner, given the current size of the Board. While representation guarantees may appeal to our sense of fairness, in actual practice only a few of the many practice areas of the Society are benefiting from the current procedure.

Indeed, if an actuary is not included in one of these categories — health insurance, pensions, insurance trade association, teaching, government, or retired — then he/she is lumped into the "other" category for purposes of determining which practice areas are awarded guaranteed seats on the Board. What about actuaries in reinsurance, investments, acquisitions, marketing, life insurance, group insurance, etc.? Since no attempt has been made to accurately count members practicing in these specialties, the Elections Committee cannot know whether or not they are underrepresented. Furthermore, reserving Board seats for the recognized practice areas reduces the chances of having members of unrecognized practice areas elected to the remaining seats. Thus, the current procedure is doubly inequitable in its effects on unrecognized groups.

A better solution to the representation problem is to provide equality of opportunity in Society elections. Now that statements from candidates are included with the ballot materials, we can make our choices based on the apparent leadership qualities of the candidates. This selection process should not be overridden by reserving Board seats for certain favored groups.

Calvin D. Cherry

**Associates should vote**

While the SOA "Elections Report" focuses on both mechanical elections issues and the problem of equitable Board representation, it fails to analyze the most obvious disenfranchisement, the denial of voting rights to Associates. Certainly the Society has the right to encourage progress to Fellowship; however, disenfranchising Associates seems to violate more basic rights.

"Taxation without representation" comes to mind, as Associates with more than 10 years of membership in the Society pay the same dues as Fellows, and based on current membership statistics, Associates as a group contribute about 40% of the total dues income of the Society. Beyond these basic financial issues, however, is the fact that many of the most astute and active members of the Society are career Associates. Whether these people have chosen not to pursue exams or have failed in their attempts is irrelevant; it is unjust to deny nearly half of the Society's membership a vote in the future of our profession.

Jeff Furnish

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The last paragraph of the April "Elections Report" encourages sharing ideas with *The Actuary*.

I believe the time has come to consider including ASAs in the elections process.

Analyze the number of ASAs who pay the same dues as FSAs without the ability to vote.

It would also be of interest to find out the number of ASAs who have been contributing on this basis for more than five or 10 years.

The SOA should consider following the lead of the Conference of Actuaries in Public Practice. Our FCAs recently voted to grant MCAs voting rights and the ability to hold office.

If the SOA is to continue to grow, its long-range approach should lean toward being "inclusionary" versus "exclusionary."

J.I. Kent

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The "Elections Report" supplement to the April *Actuary*, highlighting changes to the elections process, was very interesting. Unfortunately, it also was very irrelevant to me, because one aspect of the process, apparently, is going to remain unchanged. That is the fact that only FSAs are eligible to vote in the elections.

As an ASA of more than 10 years, I am billed for the same amount of dues as an FSA. However, when it comes to election time, I am strictly confined to an onlooker's role.

I may not have passed all the Fellowship exams, but I know that

one thing the syllabus teaches is that a good rate scale should be equitable. In other words, no class of people should receive a larger benefit-to-payment ratio than any other class.

I submit that a rate schedule which charges the same amount of dues to two classes of Society members, one of which receives all the rights and privileges of membership and the other of which receives only some of them, is inequitable.

It is my hope that the Society will correct this inequity, either by offering 10-year ASAs the right to vote or by reducing their dues.

George E. Harrison

### Voting increase on first ballot

At the suggestion of many members, we introduced a few changes in our elections procedures this year. At the same time, we have tried to create more interest in the elections through articles in *The Actuary*, discussions at local clubs, "Meet the Board" sessions at our meetings, etc. Has all this activity had any impact?

I think it has. On this year's first ballot, 36.5% of Fellows voted. This compares with an all-time low of 30.9% last year and reverses a long-term trend of declining participation of Fellows in our elections. Congratulations!

The challenge and opportunity are to see if we can bring the voting percentage on the second ballot back to the 50% level for the first time since 1984. This percentage has steadily been dropping, at least from 1980 (56.3%) until 1988 (44.4%). Last year it increased modestly to 45.8%.

Based on the first ballot returns, there is the possibility that I can report to you at the Annual Meeting that we returned to the 50% level. To do this, I will need the help of many Fellows, so please vote when you receive the second ballot!

Allan D. Affleck  
SOA President

### Appreciation notice to Diana Montgomery

Diana Montgomery has left us after two years of competent, professional work as Staff Editor for *The Actuary*. It's not always easy to deal with the political climate of a professional organization, five Associate Editors and an Editor who works in Europe—but Diana did it with maturity, tact, flexibility and good humor. We wish you well, Diana. We thank you for a contribution that was above and beyond the call of duty.

Linda B. Emory

### Early-release copies of TSA papers

The following papers have been accepted for publication in Volume 42 of the *Transactions*. Members who would like to obtain an early-release copy of a TSA paper before it is published in a preprint may do so by sending \$5 for each paper to the Books & Publications Department at the Society office, 475 North Martingale Road, Suite 800, Schaumburg, IL 60173-2226.

"Early-Retirement Reduction and Delayed-Retirement Increase Factors Under U.S. Social Security Law," Robert J. Myers and Bruce D. Schobel

"Information Theoretic Approach to Actuarial Science: A Unification and Extension of Relevant Theory and Applications," Patrick L. Brockett

"Computing the Probability of Eventual Ruin," Eric S. Seah

"GAAP for Medicare Supplement Policies," Alfred Raws, III

"Additional Source-of-Earnings Analysis Under FAS 97 Universal Life Accounting and Some Observations on the Effect of Unlocking Assumptions," Michael V. Eckman

"An Excess Spread Approach to Non-Participating Insurance Products," Mark W. Griffin

## Book reviews

# The life of Charles Francis McCay

by Sheila Kelley

*Episodes in the Life of Charles Francis McCay — Academic, Actuary, Author and Businessman* by William Porter Kellam. Privately published, Athens, Georgia, 1983. 133 pages.

If you asked a group of actuaries to name some actuaries who practiced during the third quarter of the 19th century, those who didn't quickly change the subject might come up with Elizur Wright, Charles Gill and Sheppard Homans. Canadians might think of Hugh C. Baker. Few would name Charles F. McCay; even fewer would pronounce his name — as if spelled McCoy — as he did.

Charles F. McCay was well known during his lifetime. He was born March 8, 1810, in Pennsylvania and died March 13, 1889, in Baltimore. During his early career, McCay taught mathematics, philosophy and astronomy. From 1833 to 1853, he was at the University of Georgia in Athens, teaching astronomy and mathematics and writing a calculus textbook. While in Athens, he also acted as agent for the Mutual Life

Insurance Company of New York and served as actuary of the Southern Mutual Life Insurance Company. McCay later moved on to become president of the University of South Carolina, and was involved in the insurance and banking businesses. During his career, he devised various mortality tables, including possibly the first select and ultimate table of life insurance mortality on this continent.

McCay almost was as well known to British as to American actuaries. This was because the Actuarial Society did not exist during McCay's lifetime; he died just weeks before the Society was organized. During McCay's lifetime, American actuarial authors submitted their papers for publication in the *Journal of the Institute of Actuaries*.

The author, William Porter Kellam, was director of libraries at the University of Georgia until his retirement in 1973. His interest in Charles F. McCay sprang from McCay's connection to the university, not from his experience as an actuary. I learned of this book while looking for information on McCay for the book *Our Yesterdays* by E.J. Moorhead. McCay, a strong supporter of Elizur Wright's views on life insurance supervision, published many articles in American trade papers from 1870-1880. Kellam, during his research for his book, collected copies of McCay's articles; they, as well as the book, which is out of print, are available for loan from the SOA library.

Kellam's excellent book should be of interest to actuaries, especially those in the South. Because the material about McCay's actuarial career appears in a separate section entitled, Part III, Businessman: The Augusta Years: 1857-1869, reading of the other sections is optional.

Sheila Kelley is the daughter of E.J. Moorhead, author of the book *Our Yesterdays: The History of the Actuarial Profession in North America 1809-1979*.

# Actuarial evidence

by William B. Frye

*Actuarial Evidence: Valuing Past and Future Income* by Donald R. Anderson. Published by Carswell (416-291-8421), Agincourt, Canada, 1986, second edition, 103 pages.

Donald Anderson has prepared a new, expanded version of his book *Actuarial Evidence*. The organization of the second edition is the same as the first. It begins with an introduction to the actuarial profession, proceeds to a discussion of basic actuarial principles and procedures, and continues with a consideration of the many contingencies that could affect the value of a stream of income. Among the contingencies considered at length are mortality, disability, employment, divorce and remarriage. The book closes with chapters on actuarial reports and testimony, and possible future evolution of actuarial evidence.

Although there is much discussion of selecting actuarial assumptions and sources of data, this is not a handbook for the practicing actuary. It provides an excellent review of the factors to consider in calculations for legal cases, and gives a view of how the actuary's role might be perceived by other parties involved. Its greatest value might be for attorneys and others in the legal system for understanding what the actuary can and cannot do.

This book is one of the references for Course P-564.

William B. Frye is Assistant Professor in the Mathematics Department, Ball State University.

## We want to hear from you

Have you traveled internationally, for business or pleasure? If so, you probably have learned some valuable tips for conducting business abroad and generally "getting around." Now you can share your experience with those attending the 1990 Annual Meeting in Orlando. This year's theme is "International Opportunities," and the SOA Communications staff plans to gather stories and advice about international customs and travel from Society members and have a summary of these available at the meeting. Please submit your material by August 15 to the Communications Department at the Society of Actuaries.