

Bridging Theory and Practice

Two breakout sessions were held. Their goal was to explore ways in which researchers and practitioners could be brought closer together. The following summaries were edited by Stuart Klugman from notes taken by the indicated participants.

Session #1 - Bridging the gap with regard to mortality and morbidity

Notes supplied by Rob Brown

Observations:

At present the SOA provides staff and also facilitates research. Top-down support is provided by the practice areas while CKER and AERF provide bubble-up support. The SOA also supports research through its library and electronic resources and its support of sections.

Partnerships have been formed that provide partial solutions. Particular ones discussed are the relationships between Drake University and The Principal Financial Group, the Pension Research Council and The Wharton School, the Social Security Administration and the University of Michigan, as well as the use of industry advisory boards by university programs.

Process problems:

There is a cost to respond to RFPs.

In small university programs it is hard for faculty members (when there is only one) to get time off to concentrate on a research project.

A clearinghouse for research needs is needed.

Many researchers are isolated, with no easy daily contact with practitioners.

There is distrust between universities and industries with regard to control and influence.

Conducting proprietary research may not further the academic's career.

It is sometimes hard to get industry excited about funding primary research.

Many researchers want the freedom to do whatever they want to do.

Potential research topics:

Standards for credibility and variability that can be used in all states

Mortality at advanced ages

Mortality trends

Macroeconomic models

Performing studies currently done by MIB

Risk classification

Session #2 - Bridging the gap with regard to financial modeling

Notes supplied by Warren Luckner

Why is it important to close the gap?

- Academics are evaluated on research production. Many need ideas for themselves and their graduate students. Data to support the research is also valuable. Having the research be of value to business and government has value.
- Businesses and government have limited resources of time, personnel, and money, to conduct research and learn how to apply the results.

What are some of the problems in closing the gap?

- Many academics have established their research agenda and are not interested in changing.
- Distinguishing between consulting and research.
- Mutual respect between academic and industry researchers.
- Practitioners may not be able or sufficiently interested to take the time to study and understand the potential applications of theoretical research.

How can the gap be closed?

- Business and government can bring their problems to the attention of faculty and students.
- Researchers can create brief, well-written, executive summaries of their research that will help practitioners understand the value of their work.
- Teaching sessions at meetings can be used by either side to communicate what they do or what they need.
- Implement many ideas of the Academic Relations Task Force. In particular, if more students are involved in their academic program (beyond preparing for exams) when they become practitioners, they may be more likely to look to academics for solutions.
- Publish professional development projects.
- Corporate financial support of university programs could be encouraged.

Potential research topics:

- Asset/Liability Management System Standards (contact Steve Craighead for more information)
- Research to support the Unified Valuation System (contact the American Academy of Actuaries for more information)