



SOCIETY OF ACTUARIES

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## THAT'S YOUR OPINION

# SOA should change to nonmember organization

by Eric J. Klieber

**M**embership statistics in the *1994 Directory of Actuarial Memberships* show that almost two-thirds of the 18,547 actuaries listed belong to more than one organization. Among the 15,084 Society of Actuaries (SOA) members, a similar percentage belongs to at least one other organization, which is in almost every case, the American Academy of Actuaries (AAA) and/or the Canadian Institute of Actuaries (CIA).

Most actuaries believe it is necessary to belong to more than one organization to fulfill their professional obligations. The problems associated with multiple actuarial organizations and memberships, especially in the United States, have been discussed frequently. Discussions include these assertions:

- The public is confused about exactly who represents the actuarial profession.
- Actuaries are confused about what the different organizations' roles are.
- It is difficult to coordinate profession-wide responses to the challenges facing all actuaries.

As a result, our small professional group suffers from a self-imposed weakness as it tries to carve out new roles for itself in a rapidly changing business environment.

We, as SOA members, can take a giant step toward alleviating these problems. I propose transforming the SOA from a membership to a nonmembership body. Such a transformed body would perform the following functions:

- Prepare and administer actuarial examinations tailored to the admission requirements of other actuarial organizations.
- Organize conferences and seminars for continuing education, by itself or jointly with other actuarial organizations.
- Coordinate or conduct research funded by other actuarial organizations or by academic or governmental organizations.
- Publish actuarial journals on a subscription basis.
- Publish books of special interest to actuaries, especially textbooks for the actuarial examinations.
- Promote the actuarial profession among students at the high school and college levels.

The advantages to individual actuaries and their employers and to the profession would be many:

- The burden of dues would be reduced. The SOA's financial statement consistently shows dues income almost exactly covering the costs of membership services, so eliminating dues would not affect the new body's finances. Admittedly, dues to the AAA and Conference of Consulting Actuaries (CCA) would probably increase. These organizations currently share some of their expenses for membership services with the SOA, but there would still be a significant overall savings.

- The AAA would assume a role similar to that of the CIA in Canada. The CIA's success in gaining recognition for the profession in Canada in government and among the public is the envy of U.S. actuaries. This is because almost all Canadian actuaries are members of the CIA. The Canadian public sees the CIA as the single representative body of a strong and unified profession. Eliminating membership in the SOA would encourage more U.S. actuaries to join the AAA, enabling that organization to speak for the profession in the United States with the same authority the CIA has in Canada.

- The AAA also would assume the principal responsibility for credentialing U.S. actuaries, based on examinations administered by the transformed SOA. Again, this would be like the current situation in Canada. Other organizations, such as the CCA, the Casualty Actuarial Society (CAS) and the American Society of Pension Actuaries (ASPA) could take advantage of the transformed SOA's examination services, eliminating wasteful duplication of effort. Most important, I strongly believe the functions of setting admission requirements and devising syllabi should be vested in organizations directly responsible to the public. Separating those functions from the functions of preparing and administering examinations would reduce the bickering about appropriate content of the examination program.

- Since journals and continuing education programs offered by the transformed SOA would be in free competition with those offered by other organizations, including private business, quality and relevance would be assured. Offerings that cannot support themselves financially would be dropped. The *Record* presumably would meet this fate,

because it is difficult to imagine many people spending money on this when cassette recordings of conference sessions are available.

The SOA should change to a nonmembership structure rather than the AAA, because organizations successfully involved in public interface are nearly always membership organizations, while those involved in research and education are rarely so.

I can think of only a few possible objections to this proposal, each of which is easily rebutted. The number of offices in professional bodies would remain about the same for actuaries who aspire to professional office, with the transformed SOA still requiring a governing board. The AAA should move to direct election of officers,

so individual actuaries would retain a meaningful voice in the profession's governance. The SOA Sections could be transferred to the AAA. Appropriate smaller functions of the SOA could be retained or transferred to the AAA. Volunteers for examination committees could be recruited from the organizations using the examinations.

Changing structure from a membership to a nonmembership organization would require a name change. It would not be appropriate to call a nonmembership organization a "Society." I suggest the Foundation for Actuarial Research and Education in North America (FARENA).

**Eric J. Klieber is an actuary at W F Corroon in Cleveland, Ohio.**

## 4 schools receive grants

The Society of Actuaries recently awarded \$5,000 grants to two universities in recognition of full-time faculty members attaining Fellowship status and two \$2,500 grants for faculty members attaining Associateship status.

The Department of Economics and Statistics at the National University of Singapore received a \$5,000 grant for Yiu K. Tse attaining FSA status and the Department of Math Sciences at Butler University, Indianapolis, Indiana, received one for Donald P. Minassian, professor and associate actuary, earning his Fellowship designation. The Department of Mathematics and Statistics at

Concordia University in Montreal received a \$2,500 grant for Shaun Wang attaining Associateship and the Department of Statistics at the University of Toronto received one for Xiaodong Lin becoming an ASA.

The schools will use the grants for funding actuarial exam fees, actuarial seminar and meeting fees for staff, and other related materials used for actuarial research.

These grants are part of an SOA program to strengthen relations between the Society and the academic community. Twenty-six grants have been given since the program started in 1991.

## Educational opportunity in London

Anyone with Fellowship designations in the Society of Actuaries, Casualty Actuarial Society, Canadian Institute of Actuaries, Institute of Actuaries, or the Institute of Actuaries in Australia is eligible to pursue a master's degree in actuarial science at the City University in London, England. This research-based M.Sc. course involves ten weeks of classes in research methodology, six months

full-time or up to two years part-time completing a dissertation, and an oral examination.

Although this course is aimed primarily at actuaries practicing in Britain, qualified North American actuaries are invited to write to M.Z. Khorasane, Department of Actuarial Science and Statistics, City University, Northampton Square, London EC1V 0HB.

## IN MEMORIAM

**Robert W. Butcher**  
FSA 1959, MAAA 1965

**Florence P. McLellan**  
ASA 1927

**Herbert A. Winters**  
ASA 1929, MAAA 1966

Robert W. Butcher, a pioneer in no-fault automobile insurance, died December 7, 1993, in Hartford, Connecticut. He was an actuary at The Travelers Insurance Companies for more than 30 years. His wife is Marjorie V. Butcher, mathematics professor emeritus at Trinity College. Memorial contributions may be made to the University of Michigan, designated for the Cecil J. Nesbitt Chair in Actuarial Science, Department of Mathematics, Ann Arbor, MI 48109-1003, or to Trinity College, designated for the Marjorie V. Butcher Actuarial Studies Fund, Hartford, CT 06106.