



SOCIETY OF ACTUARIES

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Ian Rolland to head Foundation's fundraising campaign

Ian Rolland, chairman and CEO of Lincoln National Corporation, recently agreed to serve as campaign chair of the Society of Actuaries Foundation's initial member fundraising campaign. Rolland is past president of the Society of Actuaries (1988-89) and current trustee of the Foundation. The Actuary recently spoke to Rolland about his involvement.

Q. You began in the actuarial department of Lincoln National Life Insurance Company almost 40 years ago. How have you seen the profession change over the years?

A. The profession has become a lot more sophisticated. The boundaries of actuarial practice have been pushed out significantly. Actuaries are required to apply judgment as they render actuarial opinions. The course of study for actuaries is far broader than it was 40 years ago, and the computer gives the actuary capabilities that were unheard of in the 1950s.

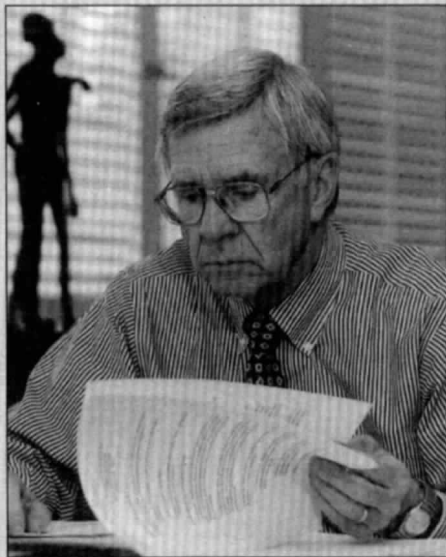
Q. What do you see as the future of the profession?

A. The future is bright, provided we continue to explore new areas where actuarial skills can be applied. Actuaries have prospered in the past because of their unique skills. In a rapidly changing world, it will be an increasing challenge to maintain that uniqueness. The SOA Foundation will serve the profession by exploring the expansion of actuarial practice horizons.

Q. You have a lot of demands on your time and serve on a lot of boards, such as the Hudson Institute, the Child Care Action Campaign National Advisory Panel, the Indiana Fiscal Policy Institute, the Indiana Chamber of Commerce, the Northeast Indiana Business

Group on Health, De Pauw University, the Independent Colleges of Indiana Foundation, and the Indiana Natural Resources Foundation. What makes being a trustee of the SOA Foundation significant to you personally?

A. The Foundation offers the ability to influence the future of the actuarial profession. It provides the opportunity for me to contribute to the profession that has been such a positive part of my life. Also, since the Foundation is new, I have the opportunity to shape its direction to contribute to the public good.



Ian Rolland, trustee of the SOA Foundation, studies fundraising plans for the member campaign he will head.

Q. You've been assigned, with the SOA Resource Development Committee headed by Walt Rugland, the task of raising \$1 million in member donations over the next three years. In today's economy, isn't this a pretty ambitious goal?

A. It may be ambitious in the sense that it has never been tried before.

This is a new venture. We are asking actuaries to make gifts where they haven't considered them before. However, most actuaries are involved in satisfying and well-paying jobs, so they have the capabilities to give. I think they will feel a responsibility to the profession to give something back. Already, the Foundation trustees have personally pledged almost \$100,000 in donations.

Q. What does the Foundation's fundraising campaign, "Preparing for Tomorrow's Possibilities: The Leadership Investment," mean?

A. The slogan says to actuaries that through the Foundation, they have the opportunity to invest now in building the profession's future. Fellows should have an interest in making sure that the profession is healthy. Contributing to the Foundation recognizes the success we've experienced in the past and also contributes to the future prosperity of society in general. Members who want more information should contact Kay Branz, development director, at the Society office.

Q. What kind of support is the SOA giving?

A. The Society has made quite a commitment. It gave \$500,000 in start-up funds. It will match the first \$500,000 the foundation raises. It also provides full staff support to the Foundation.

Q. Exactly what is the relationship between the Society and the Foundation; aren't they two separate entities?

A. They are two separate entities, but they are related. The majority of

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Rolland (continued from page 3)

the Foundation trustees are Society members. The task force to explore the possibility of a foundation was comprised of Society members. The Society will provide the initial financial base for the Foundation. In addition, the Society has provided significant resources and support in the organization of the Foundation. My expectation is that there will be a

strong complementary relationship between the two organizations.

- Q.** What's your vision for what the Foundation could mean to the profession in the years ahead?
- A.** The Foundation will be important in assuring the profession remains relevant and vital. I think it will be a vehicle for sponsoring innovative

and forward-thinking research that will benefit the public through actuarial expertise. It will be involved in enhancing the education of actuaries and the public in actuarial-related matters. As a result, the horizon of job opportunities for actuaries will expand.



SOCIETY OF ACTUARIES FOUNDATION
Preparing for tomorrow's possibilities

\$125k grant is first to Foundation project (continued from page 1)

He added that Lincoln National was making the gift to assist the Foundation in developing a product that will help expand actuarial expertise to a broader range of businesses.

"The book will fill an important need for actuaries to better understand current paradigms in finance and to incorporate this knowledge in all practice areas and in nontraditional areas. The benefit to the financial service industries and, ultimately, the consumer makes this book a very worthy project," Rolland said.

The book, projected to be published in late 1996, will be widely distributed gratis, first to all U.S. and Canadian SOA members, then to libraries in all major business schools in the United States and Canada.

"We couldn't be more delighted at receiving funding from Lincoln National Corporation for the Foundation's first project," said Jim Tilley, FSA, chair of the Foundation's Board of Trustees. "This textbook will make new pricing and risk management theories, models, techniques, and tools readily available to all actuaries and better position actuaries to help safeguard the public's considerable stake in financial security programs."

Harry Panjer, Ph.D., FSA, FCIA, director of research for the Society of Actuaries, has been developing the book project. Panjer stated, "This project provides a vehicle to disseminate information about an area of research potentially affecting all practices within the financial services industries. Mathematical finance has been an important topic since the groundbreaking work of Black and Scholes in option pricing in 1973."

Panjer went on, "Studying the dynamics of interest and price movements has grown astronomically, especially in the past decade. Pricing and managing risks associated with these movements, such as options on stocks and bonds, has dominated the current research. This research is being conducted by an ever-expanding group of mathematicians, physicists, and others, including actuaries.

David Becker, Ph.D., FSA, vice chair of the SOA Investment Section and vice president and chief actuary at Lincoln National Life Insurance Company, also will play a role in the ongoing development of the project. He indicated that all actuaries will need to understand the financial economic paradigm.

"It applies to assets and is used in pricing complicated derivative instruments important for hedging risk. It can also be applied to liabilities and to the value of the insurance enterprise itself, since one person's liabilities are someone else's assets," he said.

Becker stressed that actuaries must develop a deep appreciation of the often restrictive assumptions used in developing financial economic theory to understand its appropriateness. "Those assumptions don't always hold for many of the cash streams we deal with," he said. "We deal with more complicated products and cash flows than those developed by theorists. This new book will address these issues for actuaries."

In addition to Panjer and Becker, a team of authors is being assembled, including experts from North America, Europe, and Australia. Becker will serve on the writing team.

The Lincoln National Corporation grant will be matched by one from the SOA, giving the book project a total budget of \$250,000. This arrangement honors a commitment to match contributions that the Society of Actuaries made when that Foundation was established in 1994.