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Up Front with the SOA Staff Fellow

By Joe Wurzburger

One year ago in this column, I confessed my Chicago Cubs fandom. I began with a quote from Steve Stone in which he comically reflected on the team's history of losing, and I wrapped up with this: "No more waiting 'til next year. Next year is here."

That worked out well for me.

So one World Series championship later, I'm going back to the well with the hope that drawing LTC lessons from my beloved Cubs is somehow part of the winning equation. As Cubs manager Joe Maddon said (quoting Michael Scott): "I'm not superstitious. I'm just a little stitious."

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In fact, I will draw my inspiration from Mr. Maddon himself, who is known for his many memorable quotes. One could argue against the actuarial relevance of some Maddon-isms (ex., "If you look hot, wear it"), but one quote in particular jumps out at me as being applicable: "The process is fearless."

From Maddon:

The process is fearless, because I don't want to spend time on the outcome. For me, it's really about staying in the moment and not worrying about the outcome of the game or managing toward the outcome. It doesn't do anybody any good.

LTC actuaries of course have to care about the financial outcomes of their work. But don't let the quote fool you—Joe Maddon cares very deeply about winning baseball games. His

point is that you should not become so focused on the outcome that you lose sight of the process. Many factors that influence the outcome are beyond one's control. A team can win a game despite playing poorly, just as a team can lose a game despite playing well. A manager's job is to focus on getting his team to consistently play well and trust that favorable outcomes will follow. This is as true in LTC insurance as it is in baseball. We must always remain focused on those things that we can control, dedicating ourselves to doing things the right way and trusting that favorable outcomes will follow.

For LTC actuaries, this has many implications. The first that comes to my mind is with respect to professionalism. Precept 1 of the Code of Conduct states that actuaries "shall act honestly, with integrity and competence, and in a manner to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession." This remains true regardless of the outcomes of our work. We are not relieved of the duty to act with professional integrity if the financial outcomes are favorable.

Another application is with respect to outcome bias. "No harm, no foul: The outcome bias in ethical judgments" was a working paper that came out of Harvard Business School in 2008 (Gino, Moore, & Bazerman, 2008). In it, the authors suggest, "the same behaviors produce more ethical condemnation when they happen to produce bad rather than good outcomes, even if the outcomes are determined by chance." LTC actuaries are just as susceptible to outcome bias as anyone else. When financial results are poor, actuaries may feel worse about the process that led to those results than is justified. Conversely, actuaries may be too quick to move on from a successful project and miss a chance to reflect on the process; a successful result may mask mistakes that were made along the way and limit opportunities to improve processes going forward.

Continuing education is an essential element for LTC actuaries who are interested in focusing on the process. Fortunately for you, the SOA and the LTC Section have you covered there:

- Several LTC sessions will be featured at the 2017 Health Meeting, which takes place June 12–14 in Jacksonville, Fla. Following are just a few of these sessions:
 - Consumer Attitudes about LTC: Findings from the SOA REX Pool Study
 - Long-Term Care Criteria/Evaluation of Proposals
 - GAAP - Changes for Long Duration Contracts
- A track dedicated to LTC will be featured at the new Supplemental Health & Protection Conference, which is taking place in Baltimore, on September 25–27. This event replaces and expands upon the successful DI & LTC Insurers' Forum



from prior years and is co-sponsored with LIMRA and LOMA. A sampling of the sessions one may expect to see at this event includes:

- LTC Executive Panel
 - Innovative LTC Products For Targeting Markets
 - LTC Solutions-Debating Three Product Types
 - Medical Changes, Care Delivery and Actuarial
- Additionally, several LTC-focused sessions are expected at this year's Valuation Actuary Symposium (August 28–29 in San Antonio) and at the Annual Meeting (October 15–18 in Boston).
 - Finally, be on the lookout for webcasts featuring LTC topics.

Find out more about the events above at the SOA's events calendar: www.soa.org/calendar.

The LTC Section Council is always interested in ideas for further continuing education, which could include newsletter

articles, podcast and webcast ideas, or suggestions for sessions at meetings. Please reach out to me at jwurzburger@soa.org if you have ideas or want to get involved.

As LTC actuaries, we all feel pressure of one kind or another. The drive for favorable outcomes can be intense. By focusing on the process, we can ensure we uphold our professional integrity while still developing our own skills and qualifications. In the midst of this pressure-filled environment, we should be sure to keep one final Maddon-ism in mind:

“Never let the pressure exceed the pleasure.” ■



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