



SOCIETY OF ACTUARIES

Article from:

The Actuary

May 1995– Volume 29, No. 5

The Actuary

The Newsletter of the
Society of Actuaries

Vol. 29, No. 5
May 1995



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Society Staff Contacts

708/706-3500

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Director of Communications

Correspondence should be addressed to

The Actuary

Society of Actuaries

475 North Martingale Road, Suite 800

Schaumburg, IL 60173-2226

The Actuary is published monthly
(except July and August).

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Nonmember subscriptions: Students, \$6; Others,

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Printed on recycled paper in the U.S.A.

EDITORIAL

Advancing the reach of actuarial science

by Mike McGuinness

Article II of the Society of Actuaries' Constitution states: "Its objects are to advance the knowledge of actuarial science," and two lines further, "...it shall...make or sponsor investigations."

This issue of *The Actuary* covers "investigations" the Society is making or sponsoring to advance the knowledge of actuarial science. These are research and educational projects in several SOA practice areas, some of which are completed, some just underway, or others still being considered.

This issue's editorial by Bob Stein, SOA vice president who supervises the work of the research committees, points out the importance of the profession's research to public policy discussions. This is borne out by this issue's lead article by J. Helmut Engels. Dynamic Solvency Testing, which began as a Canadian Institute of Actuaries research project, is now mainstream. It has become an integral part of insurance companies' annual financial reporting in Canada. Canadian experience, as Engels describes it, may prove useful to U.S. actuaries as they develop an approach appropriate to their environment. Jim Reiskytl's task force offers a *Dynamic Financial Condition Handbook* for U.S. members for this purpose.

Retirement income is one of those subjects that is being publicly debated, a debate that will take place largely without actuarial input unless actuaries become involved. A recent initiative of Society President Bob Berin, the Actuarial Circles program seems to me to be a way to involve SOA actuaries and to advance the knowledge of actuarial science in the broadest sense.

The program's objective is "to establish a network of volunteer actuaries throughout the United States who will be active locally to increase awareness of the role actuaries play in financial security systems and to bring the actuarial perspective to the forefront of public policy discussions." Some Canadian actuaries and members of the Casualty Actuarial Society's External Relations Committee also have expressed interest.

Volunteer actuaries would keep watch in their own areas for current events that have financial components on which actuaries, by their training and experience, could give factual information, and they would make themselves available to share that information. The ultimate goal would be to become a source for the media and community groups hosting town meetings. This will not happen overnight. Establishing contacts with the media and local opinion leaders take time, and gaining trust will take even longer. Demonstrating a lack of personal bias as an objective expert is a prerequisite.

However, if the concept works, I can visualize reporters turning to their actuarial sources as a matter of course for advice in cutting through the confusion of complex financial security questions as they arise. With time, they will understand the role of actuaries in resolving these issues. Our profession will benefit from the wider exposure, and one hopes our communities will benefit from better-informed analysis of current issues. I urge members to call the Society's Communications Department (708/706-3561) and ask how you can become involved in Actuarial Circles.