



SOCIETY OF ACTUARIES

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Social concerns: Our concerns?

by Charles Barry H. Watson

Until now, nearly all actuarial research — no matter what group sponsored it or conducted it — has been aimed directly at advancing our profession's goals — at actuarial practice issues or at underlying actuarial theory.

Recently, it has become increasingly obvious that to be a profession, we also must consider broader goals to confront social responsibilities in return for the privileges we receive through the benefits of societal organization.

Our professional organizations have begun to speak to this need. For example, the general objectives of the Society of Actuaries includes supporting the members of the Society in "meeting their professional responsibilities to ... the general public." The American Academy of Actuaries' strategic mission for 1995-2000 includes ensuring that "the American public recognizes and benefits from...the independent expertise of the actuarial profession in the formulation of public policy." Even more emphatically, the Canadian Institute of Actuaries states in its guiding principles that it "holds the duty of the profession to the public above the needs of the profession and its members." The mission statement of the newly formed Society of Actuaries Foundation addresses societal issues to which the actuarial profession can contribute solutions.

To know how to respond to social issues requires study and research. The Committee for Research on Social Concerns is given direct responsibilities in this area. The charge of the committee assigns it the task of "identifying social concerns with actuarial aspects on which objective analysis, research, and creative input could be provided." They are issues where actuaries, through their specific knowledge and abilities, can provide leadership.

Identification of an issue and delineation of its actuarial content are key to the committee's work. These lead to marshalling available resources and, it is hoped, contributing to a solution.

These resources can include formal research committees and task forces, individual research, and even the organization of grassroots activities for actuaries, through service on school organizations, elected councils and boards, and volunteer work of all shapes and sizes. White papers and position statements are also possible responses.

Actuaries' natural skills lie in long-term planning and long-term financing — capabilities needed in dealing with all social issues. The health care debate of past months and the realization that actuaries should and can make a difference in such a debate have given new impetus to the committee, which was formed five years ago.

The work of the committee could embrace an enormous variety of applications. The following examples of work in progress or under consideration will illustrate how the committee wants to respond:

- Developments in the incidence and epidemiology of HIV infection and AIDS and the validity of the commonly accepted cause-effect relationship of the two (being explored by a task force chaired by Peter Plumley)
- Relationships between savings rates and intergenerational equity (being explored by committee members Yuan Chang and Mike Cowell)
- Extension of the usual concept of discount from purely financial considerations to allow for the potential consequences on future generations of scenarios with low probability but enormous social impact (a task proposed for actuaries by Vice President Gore in his book, *Earth in the Balance*)
- Quantification of the costs to society of environmental regeneration, including disposal costs
- Implications of genetic testing for society and individuals, since actuaries will be major users of the results of genetic testing and should be involved in designing the rules
- An actuarial approach to life planning: a user-friendly presentation of the financial consequences of life decisions, not just those involving monetary security issues, but all the manifold choices that life presents
- Actuarial aspects of public policy issues: for example, is there a big enough financial risk for insurers to justify selecting against abused spouses?

Although our small committee obviously cannot do all the work needed to formulate actuarial responses to these questions, we hope to inspire interest and initiate activity, some in collaboration with the SOA Futurism and the SOA Actuary of the Future sections.

The Boston annual meeting in October will feature a major program on economic security, focused on intergenerational equity considerations, a joint effort with the Futurism Section. This should be a matter of great concern to actuaries, both as professionals and as members of society. Actuaries should be ready to make a balanced contribution to this social debate.

Social concerns? They are all our concerns. This committee exists to provide a professional response. Don't let its work languish through disinterest. We need your support. Contact us to contribute your ideas and your time to the work.

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