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Valuation actuaries crowd symposium

by Linda Heacox
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Late registrants squeezed their way into sessions as nearly 800 poured into the Chicago Hilton in September for the annual Valuation Actuaries Symposium. They came to hear the latest technical information and regulatory news, to meet continuing education requirements, and to network.

The symposium evaluation survey showed 84% attended to increase their technical knowledge, with about 55% asking for more technical sessions next year. In response, planning committee members will add more technical sessions next year, and continue the trend toward more sophisticated topics.

In describing the evolution of the symposium from the 1980s to the present, Planning Committee member David Becker said, "We've gone from general valuation issues with an emphasis on interest rate risk to topics such as Alastair Longley-Cook's session on analysis of the riskiness of an organization using utility theory, one of the classic tools of financial economics."

The symposium also has added "an element of science," that Becker said makes the valuation actuary's financial projections more credible and meaningful to upper management. "We have tended to focus on reserve and asset adequacy because it is the concern of regulators. That's extremely important," he said. "but it does no one any good if management views the work as done only to satisfy the regulators. Now, our work includes information that tells you about the company; it enables you to make the strategy decisions to make the company more robust."

Becker, vice president and chief actuary for Lincoln National Life Insurance Company, Fort Wayne, Ind., points out that work being done by the new SOA Foundation could be useful to the symposium. For example, Lincoln National Corporation is sponsoring a Foundation project to write a financial economics textbook (due in late 1996). Becker said this can be used to fill a knowledge gap for actuaries who went through the exam process before the finance and investment track syllabus was in place.

Bob Wilcox, Utah's Commissioner of Insurance, asks the panel a question at the opening session of the symposium.

Planning Committee member J. Peter Duran attributed part of the high attendance to continuing education requirements for appointed actuaries and part to improved quality demands from state regulators.

A partner with Ernst & Young, New York, Duran said regulators are reviewing required memoranda in greater detail. "I think actuaries are in a position of having to make sure they can defend their results to regulators."

Duran agreed with Becker that companies should use memoranda for more than satisfying regulators. "I've seen a number of instances where companies have actually changed their investments as a result of what they've learned through the process. Attitudes range from that extreme to viewing it as just a regulatory exercise. I think most companies are somewhere in the middle."

Meredith Ratajczak, who first attended the symposium in 1990, pointed out the symposium's tendency to be on the cutting edge. "A lot of things are heard for the first time here — regulatory information, for example."

A consulting actuary with Milliman & Robertson, Radnor, Penn., Ratajczak agreed with Duran about

Giving the overview of the September Valuation Actuaries Symposium in Chicago in the first general session are (L-R) Steven Smith, moderator; Frank Dino, Donna Claire, and Lauren Bloom, general counsel for the American Academy of Actuaries.

the impact of regulation. "I think for companies that did not fall under New York Regulation 126 (the first state legislation to require actuaries to file memoranda with a state insurance commissioner), it was very eye-opening to do a projection for the entire company. For people who haven't done that, it's not an easy process to go through. It's very time-consuming, and there might be certain blocks of business that haven't been thought of assumption-wise because they're self-sustaining."

Ratajczak also felt the symposium benefited this year from adding workshop sessions designed for informal discussions. "They're a very good source for getting a sense of what the 'hot buttons' are for other companies. The workshop environment gives people an opportunity to talk."

Charles (Bud) Friedstat also praised the new workshop sessions and open forums such as "Ask the Experts," a popular session among attendees (25% wanted more such interactive sessions).

Friedstat, a senior manager with KPMG Peat Marwick, Chicago, said he's seen a vast change in content since the 1980s. "Now we're asking how we can refine our calculations? How can we use them in other ways? What roles should we be playing in dealing with management?"

He also stressed the improvement in memoranda quality over the years. "Now, because of computers, modeling capabilities are so much more sophisticated. Also, [financial and investment] education has been very, very good."

New program offers career development aids

by Michael M. Braunstein

Suppose you want to be president of the United States of America. If you don't have an extra billion dollars, how do you get there? Chances are you're going to need some outside support and some decent credentials.

Let's start with the credentials. If you are a senator, a governor, or a high-level government figure, that credential would probably suffice. If you held such an office, you probably could find financial support from those who want to see you at the top.

Then the question is — how do you get to be governor? You could become a lawyer and get involved in town politics. You could parlay that into a role at the state level, committing your time and energy to your party. If all goes well, all that effort could pay off, and you'd be governor. An alternative is to start as an actuary, get your Fellowship, run an insurance company, get involved in community affairs and work your way into a state insurance commissioner's position. From there you'd have the necessary support and visibility. From FSA, to governor, to president, with a few additional stops along the way.

The point...planning

Actuaries often think Fellowship is the end of the road, rather than the beginning. After all, you automatically become an important player in your organization, you get the standard promotion, and you get that long-awaited increase in pay. You expect that if you do a decent job, a lot more will come your way. The truth is, it doesn't happen without adequate planning. Sure, there are some success stories where new FSAs (and even some ASAs) go on to quick fame and fortune. You can bet this isn't due to chance, but because of early insight, intelligent planning, and careful execution.

What should you do to guarantee success in achieving your goals? Start by asking yourself the six "W" questions.

1) What do I want? (This is the first and most important question to ask.)
2) Where do I ultimately want to be?
3) When can I realistically expect to get there?
4) What intermediate steps are necessary along the way?
5) Who can help me?
6) What skills will I need? (Here's a helpful hint: Develop skills beyond technical skills required of an actuary. Learn to communicate well, to present yourself positively to all individuals, to manage people and projects, and to negotiate. Most important, be flexible and ready to adjust as you progress. Nothing happens exactly as planned.)

B. Then, start at the top (your optimum role) and work your way down.

C. And finally, execute your plan.

To help actuaries get from here (where you are now) to there (where you eventually want to be), the Society of Actuaries (SOA) Committee on Management and Personal Development, in conjunction with the SOA Continuing Education Department,

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