Article from:

The Actuary

January 1996 – Volume 30, No. 1

The Newsletter

of the Society

of Actuaries

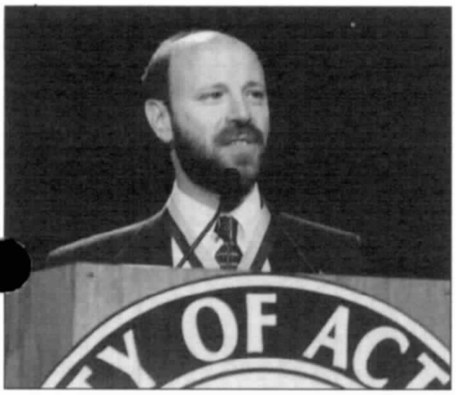
Vol. 30, No. 1

January 1996

The Actuary

MESSAGE TO THE MEMBERS

Making strides in actuarial science



by Sam Gutterman, 1995-96 President
Society of Actuaries
Address at SOA Annual Meeting
Boston, October 17, 1995

Besides being actuaries, many of you share something with me: an interest in long-distance running. I've been told that actuaries are over-represented as a profession in such competitions. Maybe this is because we're very goal-oriented people. We keep running because we have a goal in mind, like a marathon to strive for, just like we kept studying because we had an actuarial designation as a goal.

I'd like to share some of the most important goals I'll be striving to help accomplish for the Society of Actuaries this next year. I believe we can make major strides:

- For the actuary as an individual
- For actuarial science
- For the actuarial profession

First, for the actuary, we can become individually stronger through improved basic education, continuing education, and communication. Second, actuarial science itself can be improved through enhanced research and literature. And we can enhance the actuarial profession by expanding our focus outward, through public service and working with others.

If we do this, our efforts will lead to improved service to the public, the ultimate users of our professional services.

The actuary: Basic education

I believe that our most important project during the next 12 months is to finalize the design of a restructuring of our basic education system. The reasons for the importance of this project are clear:

- Our most important investment is the development of future actuaries.
- Our exams attract and select those future actuaries.
- The education we provide will mold their approach to future problem-solving.
- Our educational systems are the central, unifying foundation for all actuaries.

This system has been both our strength and our weakness. Its rigor has favorably shaped our approach to business issues and practice. However, it has sometimes restricted us to narrow fields of practice. To overcome this weakness, we will design our new system to provide more flexibility. It will give future actuaries fundamental skills to seek wider business opportunities.

The actuary: Continuing education

As we all know, our education does not end when we achieve our actuarial designation. Maintaining our personal knowledge base is crucial if we are to stay a relevant and important profession. After finishing basic education, how one receives continuing education becomes a personal choice. For some, attending a general meeting like this becomes that choice. However, as a percentage of membership, attendance at

(continued on page 4)

Inside this issue

Message to the members (continued from page 1)

these general meetings has slipped somewhat. For others, more subject-focused meetings, like the Valuation Actuary Symposium, may be more valuable.

Meetings and seminars, however, are not the only methods available to deliver continuing education. Advancements in technology allow us to develop additional cost-effective ways to provide access to more people. A new Task Force on Continuing Education will study these matters over the next eight months and will recommend a future direction for implementation.

The actuary: Communication

One of the most effective communication tools for members to network and learn from one another is Actuaries OnLine, our electronic bulletin board. Today, more than 1,300 official users are connected. Because more than one person uses a single computer ID, more than 2,000 people can access the system. This is still only a little more than 10% of our membership. The value of Actuaries OnLine, already large, can only improve as more of you join. So, please join the modern communication age if you haven't already.

A recently created Technology Task Force will set new directions, not only for this system, but also for related media, such as the Internet. We should lead, rather than follow, the steep technological curve.

The science: Research

Now, I'd like to turn to actuarial science and research. Science and its application are our essence.

Historically, actuaries have pioneered the application of many significant techniques, but we have not always been successful in letting others know about them or in applying them to new fields of practice.

We have significantly expanded our research in the last few years. Despite its cost, this effort has been valuable. It has been accomplished through a decentralized research approach, with no one practice area dominating another.

One area, our experience studies, has not been as effective as I would like. These studies have been at the core of our profession for more than a century, letting us be practical observers and researchers of the real world. But unfortunately, our timeliness is not good. In addition, many of the entities we depend on for data are under severe resource pressure. Nevertheless, we must meet the challenge to resolve this situation in the near future. We can be proud of our recent ground-breaking studies in long-term care, credit life, investment credit risk, and group annuities. However, we must make an intensive effort to improve these studies to benefit our members, their firms, regulators, and the public.

Dick Schreitmueller (left), SOA Board member, congratulates President Sam Gutterman after his address at the Boston annual meeting.

The science: Literature expansion

Another important component of a science is its scholarly literature. A process is now in place to significantly expand our literature. The new *North American Actuarial Journal* will publish invited papers and topics that will further enhance our literature's importance and the relevance of actuarial science. Our scientific efforts have been hampered by the lack of a strong and deep academic base. However, I am hopeful that our past and future programs in this area, as well as our emphasis on the development of relevant research efforts, will pay off.

The profession: Practice area scope

Today, as we consider the future of the actuarial profession, it is time to more actively encourage broadening our scope. Thomas Edison must have been thinking of actuaries when he said, "If we did all the things we are capable of doing, we would literally astonish ourselves."

It seems clear that an actuary's approach of identifying financial risks and uncertainties, quantifying their impact through modeling, and designing financial mechanisms to cope with them should be transferable to many areas outside our traditional

Just before they assume their 1995-96 offices at the annual meeting, President-Elect David Holland (left) and President Sam Gutterman enjoy lunch with Holland's wife Faye.

environments. Our emerging financial and investment practice areas have moved into the mainstream and should be strongly encouraged and promoted.

Also, we need to fully tap our strength in asset and liability management. We must take aggressive steps in these directions now.

The profession: International scope

In addition, we need to fully evaluate the implications of our significant expansion outside Canada and the United States. We may decide to more aggressively market our educational services internationally, to set up joint ventures with other actuarial organizations on research projects or seminars, or to expand our communication with the international profession. Nevertheless, we must not diminish our attention to the delivery of high-quality services to our existing actuarial membership base.

The profession: Role of public interest

All this leads to a more outward focus, making us consider what we owe the public. This has been frequently discussed; this past year it has been explored in the context of our mission statement. Currently, the role of the public is not mentioned in this statement. Under Dave Holland's leadership as president-elect and chair of our Committee on Planning, we should complete the mission statement revision to emphasize this responsibility.

Thanks to Bob Berin's leadership this year, the Actuarial Circles program has expanded our outward reach by encouraging members to individually express their opinions in the public arena.

I hope this effort, made together with other actuarial organizations, will continue to foster these contributions. We can do even more this year by being a consumer education resource in areas within our professional expertise.

Working with others

These goals for the individual actuary, our science, and our profession are ambitious. How will we do it? By working with other organizations and tapping into our tremendous volunteer system and our capable staff.

The Society of Actuaries represents only a part of the actuarial profession. We cannot fulfill our objectives alone. For example, we must partner with the Casualty Actuarial Society (CAS), the other learned body in North America. We already jointly recruit for the profession, administer some exams, and are working to establish this year a set of joint principles of our science. In addition, we have recently offered to work with the CAS in developing our new educational initiatives, expanding actuarial literature, facilitating public policy research and education, and developing our academic base. I'm optimistic that our joint efforts will benefit the profession and the public.

As you know, our resources are limited. We must rely on others to help, especially financially, to further our goals. This is one reason our Foundation is reaching out to other financial sources, especially to implement some of our bolder, public-oriented initiatives. This is why we reach out to employers to help fund our experience studies. And this is the reason we will continue to seek other partners.

The members

Of course, my best partners in the next year will be you, the members. We have a huge, high-quality volunteer system. In addition, our decentralized practice areas and energetic special interest Sections foster champions of issues to creatively address our profession's challenges.

I'll be relying on all the volunteers, the practice areas, the Sections, and the fine staff in Schaumburg to run along with me as we race through this year—a year of great promise for each actuary, actuarial science, and the profession.

As I mentioned in *The Actuary* a few months ago, when I run in a marathon, I have four goals. First, to enjoy it. Second, not to get injured. Third, to finish smiling. And fourth, to do my best time for that distance. Over the next 12 months, I plan to enjoy the challenge and honor of being your president and pledge to strengthen the profession. You'll see me at the annual meeting in Orlando next year, smiling as I hand the gavel over to Dave Holland. I hope you'll be with me then as, arm-in-arm, we cross that finish line together. I'll know I've done my best time if you turn to me and say, "You ran a good race, Sam."

Thank you for your support.

Census Bureau's Annual Research Conference

The Census Bureau's Annual Research Conference (ARC 1996) will be March 17-21, 1996, at the Key Bridge Marriott in Arlington, Virginia. ARC 1996 will include such topics as:

- On-line dissemination and tabulation of data
- Small area methods
- Metadata collection and dissemination issues and practices
- On-line security issues and practices
- Human-computer interface issues
- Methods of testing and evaluating on-line data collection or dissemination applications
- Unique data collection applications for methodologies, technologies, and results

For more information, contact Maxine Anderson-Brown, Office of the Director, Bureau of the Census, Washington, DC 20233. Telephone: 301/457-2308; fax: 301/457-3682.