

TRANSACTIONS

NOVEMBER, 1950

ADDRESS OF THE PRESIDENT, EDMUND M. McCONNERY

A MIND TO WORK

DOWN through the ages from the time of the consolidation and rebuilding of the city of Jerusalem there comes to us this verse from the prophet Nehemiah: "So built we the wall . . . for the people had a mind to work" (Neh. 4:6).

Simple—very laconic—but expressive.

Today as we review the progress of our Society in its short history, these words of Nehemiah seem particularly applicable to us.

Our members—and our friends—have "had a mind to work" for the progress and success of the Society. To attempt to name them all would be, almost, to read the roll of members, guests and other friends.

Among such friends we are happy to count actuaries from across the oceans—those who came to our first meeting although beset by the difficulties of travel—and those who sent us their good wishes and their gifts.

Our thoughts of them bring to our minds the quotation from Bacon, used, so aptly, by the Institute as its motto: "I hold every man a debtor to his profession, from the which as men of course do seek to receive countenance and profit, so ought they of duty to endeavour themselves by way of amends to be a help and ornament thereunto."

Our "mind to work" so that we may be "a help and ornament" to our profession has already borne abundant fruit in the eyes of the public as well as within our Society.

As illustrations of this progress, I will mention several subjects.

PUBLIC RECOGNITION

The history of our profession in recent years is linked with the rapidly widening scope of social ideology. There are certain risks, which, while they threaten all income groups, strike particularly hard on the low-income groups, and protection against these risks is being provided more and more by group action in many different forms—insured, governmental, self-administered, and other types. Such plans are placed in effect by Federal, State and Local Governments; by corporations and associations; and by groups of individuals.

Competent and sound actuarial advice and supervision are essential in the foundation and management of all such plans. The application of actuarial techniques to such plans is a natural evolution of those originally developed for individual contracts issued by insurance companies. They are based on statistical data, and the methods of assembly and analysis of such data have been an essential part of the training of an actuary. Thus the actuary's training in the practical treatment and interpretation of such data renders him peculiarly fitted to advise on social and other phenomena which are susceptible of statistical measurement.

The outstanding work done by many actuaries in advising Governments, the managements of corporations and labor, both in Canada and the United States, on the complex problems connected with old age retirement, accident and sickness, unemployment, and other individual economic vicissitudes involving life and death, has brought to our profession both public recognition and a feeling that we are an essential part of the structure of our two nations.

There are, however, still wider possibilities. The rigorous training for success in our examinations develops mental discipline. For those who attain this and combine it with a broad viewpoint on human relations there are frequent opportunities to demonstrate the exceptional value of this combination in the field of administration. A combination of a capacity to weigh mathematically various courses of actions, with a broad knowledge of the study and management of financial affairs and the practical effect of economic influences, is so valuable that those possessed of these qualities are recognized in commerce and industry to an increasing extent.

GERIATRICS

The part of medical science which deals with the hygiene and diseases of children has made enormous strides in the last half century. The death rate of children after babyhood is now practically only the accidental death rate. It is this improvement at the younger ages that has caused the lengthened span of life so publicized in recent years.

On the other hand, medical science has done very little for the hygiene and diseases of older people. The death rate at the older ages had shown practically no improvement in the last one hundred years. It seems to have been assumed that cardiovascular diseases and cancer were a normal part of old age.

We are now, however, on the threshold of great advances in the betterment of the death rates at the older ages. This is of great interest to actuaries because at these ages we deal with the problems involved in pensions, annuities, and the proceeds of policies left as life incomes.

As we study our experiences of the past and try to forecast those of the future we become vividly aware of the Scottish lyric on the old female annuitant:

The Bible says the age o' man
 Threescore an' ten perchance may be;
 She's ninety four; let them wha can
 Explain the incongruity.
 She should hae lived afore the Flood—
 She's come o' Patriarchal blood—
 She's some auld Pagan, mummified
 Alive for her annuity.

OUTRAM, *Legal and Other Lyrics*

Already the improvement at these older ages has had the attention of actuaries and an outstanding paper by Messrs. Jenkins and Lew on this subject was presented at our annual meeting a year ago. Forecasts of further improvement in mortality will, no doubt, enter into our actuarial calculations in the years ahead.

ACTUARIES CLUBS

Our Society, the essential organization giving us professional standing, with over one thousand members engaged in many different activities, and with over one thousand students, obviously must be somewhat formal—that is the inevitable result of growth. Consequently, much of the informality and the intimate discussions of earlier days in the Actuarial Society and American Institute have devolved on the Actuaries Clubs. As the number of members in each club is usually small there is opportunity for each member to join in any discussion. Therefore, the motto of such clubs could very well be a quotation from the diary of a famous early New Englander: "Went to prayer meeting tonight. It was a good meeting. *I spoke.*"

The flourishing condition of over fifteen Actuaries Clubs is proof that they fill a need; and rightly so as distances are great in North America—from Los Angeles to Chicago is farther than from London to Moscow—and it is not possible for many to be away from their offices at the same time.

These clubs differ greatly in their organization and methods, suiting themselves to local conditions and specialized groups.

In a general way it seems that the objectives of these clubs are:

- a. To supply the social contacts and friendly confidence accomplished best in small groups.
- b. To discuss problems in more detail than is possible in a large meeting.

- c. To encourage the members to gain experience and confidence in speaking.
- d. To encourage and arrange study groups.
- e. To be a preliminary ground for papers that could eventually be presented to the Society.
- f. To broaden the interests of the members by occasionally having a speaker or a discussion on topics outside of purely actuarial science.

The clubs, therefore, have an entirely different, but not contradictory, function from that of the Society. Consequently, the Society should not attempt to interfere in, or control, the affairs of these clubs. I hope, however, that there will be much informal contact such as visits to them by Presidents and Vice-Presidents of the Society over the years. It has been my privilege to visit nearly all of them in my term of office.

PROGRAMS

The Society is quite aware of the special interests of various groups within its membership. Therefore, in connection with its regular meeting, it has been holding a special session for the discussion of topics which are of interest mainly to a section of the membership and guests.

One such session dealt with the various types of retirement and old-age benefits—governmental, insured, and noninsured—which are among the challenging issues now facing the peoples of Canada and the United States.

Another session was on topics which are of particular interest to actuaries in the smaller companies.

At this meeting there will be a session on Interest and Investments—a subject of great interest in current economic thinking.

Each of these sessions was arranged by a committee of members particularly interested in the subject for discussion.

No doubt further experiments with programs will be tried in the future.

OTHER ACTIVITIES

A large number of our members have given time and thought without stint to the work of the Society.

Our thanks are due not only to those who have served on our committees and on the Board of Governors but also to many others who helped greatly towards our progress.

The papers presented to the Society have covered a wide range of subjects. At the Spring meetings seven papers were presented and at this meeting five will shortly be presented.

The discussions of papers have been interesting and numerous. This is evidence of the value and timeliness of the subjects.

One of the problems confronting historians is to obtain accurate infor-

mation on the past. Mr. Hohaus' paper on the Origin of the Society, therefore, is not only very interesting to our generation but will be of great value to the historians when our Society celebrates its centenary.

ATTENDANCE OF NONMEMBERS

At our organization much thought was given to attendance of nonmembers at our meetings. Already the problems which loomed so large so short a time ago are fading gently into the haze of the past.

There is a welcome place at our meetings for actuaries of diverse thinking and with varied interests. It would be deadly dull if it were otherwise.

At our first meeting a year ago we were honored to have with us prominent actuaries from abroad headed by Sir George H. Maddex, K.B.E., President of the Institute of Actuaries.

At the special session in the Spring, we were pleased to have as a guest a dignitary of the Catholic Church, Monsignor O'Grady, who is particularly interested in plans for security.

Many Fellows of the Institute of Actuaries and of the Faculty of Actuaries have applied for admission to our Society. We are pleased to have them as members for we know that it is not simply a friendly gesture but an indication that our two nations, Canada and the United States, are now taking prominent places in scientific knowledge as well as in world affairs.

CINQUANTENAIRE DE L'INSTITUT DES ACTUAIRES FRANÇAIS

L'Institut des Actuaires français was founded in 1890 but, because of war, its fiftieth anniversary was celebrated in Paris from June 22 to 24, 1949.

A delegation from our Society consisting of the President, E. M. McConney; Dr. Arthur Hunter, Chevalier of the Legion of Honor of France; and Mr. David H. Harris attended. A gift from the Society in the form of a carafe and glasses was presented. Mr. Harris presented a paper.

The chief impressions we received were the cordiality of the welcome given to those attending and the excellence of the program.

SUMMARY

Over a century ago insurance began as a money-making activity for a few. However, financial protection of a family against death, accident and illness is so human a desire that the community not only accepted such plans of protection but came to rely on them as a part of the national structure.

To that has now been added another insistent community demand—the demand for protection against indigence in old age.

A century or more of this reliance on protection by the community has brought a growth so large and so much a part of the national economic structure that to attempt to discontinue it would constitute a social revolution.

Elsewhere in the world attempts to meet these demands have been made by governments with varying degrees of socialism. The peoples of the New World have undertaken and successfully carried out the task through nonstate individual and community operations. We prefer our system.

This whole structure of protection in our modern economy, whether it be in our system or in that of socialism, is founded and built upon the technical work of the actuary.

The survival and growth of this structure, therefore, has been fundamentally due to the integrity and the "mind to work" of generations of actuaries.

CONCLUSION

Now, what of us?

Nearly thirty years ago—and even more applicable today—an authority on insurance wrote these words:

At a time such as this, when myriads of men have lost their ethical moorings in the great tidal wave which has swept over the world, it is wise to examine ourselves and our situation in life; to see if there is anything to which we can hold fast in the wreck of worlds and cultures; to ask whether we have any ideals which can be held in the face of all the facts; and finally, to ask how we shall act so as to make those ideals incorporate. For when one has found his ideals he is a propagandist; and he must fight with every weapon he can seize or forge to make his ideals prevail.—GEORGE CLARKE COX, *The Public Conscience*.

Over the centuries, many nations have been destroyed by barbarians from without; and some few from within—by people of their own country and the product of their own institutions. Yet, in the midst of tribulation and desolation, the world has been moved forward by spirit, by high motives, by grand conceptions, and by nobility of purpose.

The genius of Churchill thus endowed the British people with unconquerable devotion in their hour of gravest danger.

Here in the New World we have found it possible to live side by side and go freely back and forth across frontiers for friendly visits so that we may know each other better. We are finding it mutually advantageous to correlate our national economies as distinct from our political sovereignties. And we are coordinating our national defense—*defense*, I say—for we have never armed for *offense*.

Here each person is of value and importance as an individual. This is the cornerstone—the foundation of all our other beliefs in the individual's right to live his own life, to speak for himself, to choose and change his leaders. From it comes our hatred of those "isms" under which the individual has no value or importance as an individual, but only as one of many faceless beings in a voiceless herd.

We do not want what Nehru once called "the perfect peace of the grave and the absolute security of the cage."

Freedom for individuals carries with it an equal responsibility to use that freedom wisely. Therefore, if we wish to remain free, we must faithfully fulfill our responsibilities as free men—to protect and provide for self and family; to give of one's best to every group of which one is a part; to be an active citizen, in every sense, of one's country.

The road is clearly marked with our ideals.

Our Old Testament "mind to work" has brought us far on that road.

Now as we face the future in a troubled world, there comes to mind, in natural sequence, part of a verse from the New Testament. Its philosophy, its good psychology, and its faith have been an inspiration to carry men to sublime heights.

It is: ". . . having done all, to stand" (Ephesians 4:13).