

# The Actuary

## New order Mergers change consulting firms' rankings

In the first few months of 1997, four major employee benefit consulting firms with long-established actuarial practices were merged into larger firms or financial service organizations.

Unlike mergers of giant insurance companies, these changes usually didn't make it into the headlines of the daily business news, but they directly involve more than 1,000 actuaries.

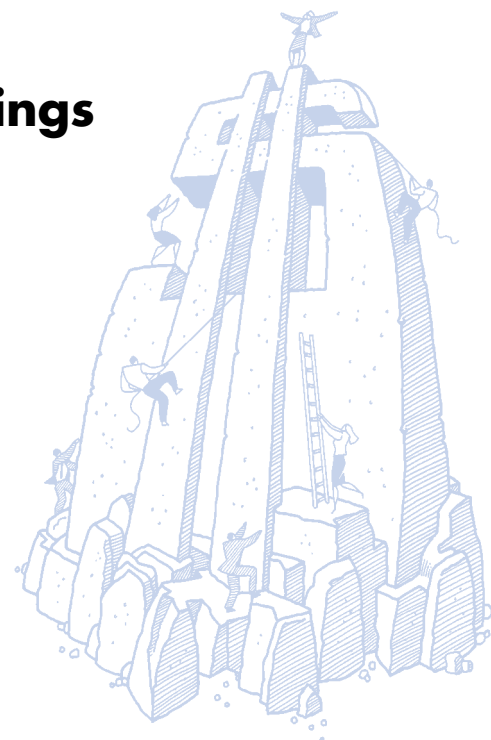
- Marsh & McLennan's purchase of privately held Johnson & Higgins brought together the two giant insurance brokers' consulting subsidiaries, respectively William M. Mercer Cos. Inc. and A. Foster Higgins & Co.
- In another merger of giant insurance brokers with consulting subsidiaries, Aon Corp. purchased Alexander & Alexander Services Inc., joining Aon Consulting with Alexander & Alexander Consulting Group Inc., Alexander Consulting Group, and Alexander Consulting Group Ltd. (Canada).
- The Big Six accounting firm Coopers & Lybrand LLP acquired privately owned benefit consultants Kwasha Lipton LLC, which is operating as a separate division.
- Mellon Bank Corp. acquired Buck Consultants, which also operates as a separate division. Earlier, Buck acquired W.F. Corroon, which had a large actuarial consulting practice.

These "mega-mergers," as they might be called, have shuffled the order of the top firms. According to a story in *Business Insurance* magazine's

December 9, 1996, issue, the top 10 firms based on revenue were, in descending order: Towers Perrin, Mercer, Hewitt, Watson Wyatt, Foster Higgins, Coopers & Lybrand, Buck Consultants, Aon Consulting, Alexander Consulting Group Inc., and Deloitte & Touche (see Table 1, page 5).

With the mergers completed, some familiar corporate names are eliminated — A. Foster Higgins (now part of J&H Mercer) and Alexander & Alexander (now under the Aon flag) — while both Mercer and Aon substantially increase in size. J&H Mercer moves to first place, followed by

*(continued on page 5)*



### Inside this issue

**Editorial: NAAJ** .....2  
*by David M. Holland*

**CIA/U.S. discipline agreement**.....3

**SOA president-elect candidates on the Web**.....3

**Forecast 2000's successes** .....4

**DFCA task force update**.....6

**Book reviews: Cyberbug**

**Fine storytelling dramatizes future whirlwind**.....7  
*by James Toole*

**Retirement shown in its complexity** .....7  
*by Anna Rappaport*

**Information fair at annual meeting** .....8

**Career perspectives**

**'One employer' not the rule**.....9  
*by Jacqueline Bitowt*

**Career perspectives (continued)**

**Health care provider**.....9  
*by Linda Heacox*

**Actuarial Mathematics revised** .....11

**Third Bowles chairholder named**.....11

**10 years for SOA/Nankai U.** .....12

**Asia Committee formed**.....12

**On the lighter side:**

**Speculative fiction contest** .....13  
*by Carol Marler*

**The actuary as guiding star**.....13  
*by Marc Twinney*

**E&E Corner** .....14

**First '97 puzzle winner** .....14

**SOA meeting calendar** .....15

**Letter to the editor** .....15

**Actucroctic** .....16

# The Actuary

The Newsletter of the  
Society of Actuaries

Vol. 31, No. 6 • June 1997



Robert J. McKay  
Editor responsible  
for this issue

#### Editor

William C. Cutlip, FSA  
76443.1471@compuserve.com

#### Associate Editors

Robert H. Dobson, FSA  
bob.dobson@milliman.com  
Sue A. Collins, FSA  
collins@trillinghast.com  
Robert J. McKay, FSA  
Robert D. Shapiro, FSA  
73231.102@compuserve.com  
Marc Twinney, FSA

#### Assistant Editors

Selig Ehrlich, FSA  
Craig S. Kalman, ASA  
74262.2543@compuserve.com  
J. Bruce MacDonald, FSA  
jbmlmac@ac.dal.ca  
Ken A. McCullum, FSA  
102757.2132@compuserve.com

#### Puzzle Editors

Louise Thiessen, FSA  
lthiess@accessweb.com  
Dan Reichert

#### Society Staff Contacts

847/706-3500  
Jacqueline Bitowt  
Public Relations Specialist  
jbitowt@soa.org  
Cecilia Green, APR  
Director of Public Relations  
cgreen@soa.org  
Linda M. Delgadillo, CAE  
Director of Communications and Administration  
ldelgadillo@soa.org

#### Correspondence should be addressed to

*The Actuary*  
Society of Actuaries  
475 North Martingale Road, Suite 800  
Schaumburg, IL 60173-2226  
Web site: www.soa.org

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

David M. Holland, FSA, President  
Bradley M. Smith, FSA, Director of Publications

Nonmember subscriptions: students, \$10; others,  
\$25. Send subscriptions to: Society of Actuaries,  
P.O. Box 95668, Chicago, IL 60694.



Copyright © 1997,  
Society of Actuaries.

The Society of Actuaries is not  
responsible for statements made or  
opinions expressed herein. All  
contributions are subject to editing.  
Submissions must be signed.



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

## EDITORIAL

# NAAJ

## Times demand its fresh approach

by David M. Holland  
1996-97 SOA President

If a rose by any other name would smell as sweet, why is there such a trend to adopt new names? Why would a company with 125 years of experience and a recognized name like AT&T/Bell Labs want to become Lucent Technologies? What motivated well-established insurance and financial services companies to adopt names like ReliaStar Financial and Providian? Why did the SOA replace its *Transactions* with the *North American Actuarial Journal (NAAJ)*?

The first *Transactions*, formally entitled *Papers and Transactions of the Actuarial Society of America for the Years 1889 and 1890*, appeared in 1891. It was a major decision to stop publishing a scholarly publication with a history of more than 100 years.

### Behind the decision

Several factors went into the decision to create the *NAAJ*. They are reflected in the new journal's format, publication process, and marketing.

First, the focus of the annual *Transactions* had been internal. The *NAAJ*, published quarterly for more timely information, is being marketed aggressively internationally within the academic community and to allied professions. The *NAAJ* comes free to SOA members as a membership benefit, but all others must subscribe.

In particular, we hope that the *NAAJ* will be of interest to those involved with investments, finance, and economics. A glance at the contents of the January and April 1997 issues shows the appeal to these audiences, with articles on models for retirement income and CCRCs, financial derivatives, interrelationships between interest rates and risk management and between investment and insurance risks, cash flow testing, and the entertaining "Actuarial

Issues in the Novels of Jane Austen."

Second, the editorial board of *Transactions* mainly worked with the papers that had been approved by the Committee on Papers. For the *NAAJ*, the editorial board and the Committee on the Encouragement of Literature are much more active in determining the content of the publication and soliciting authors. They seek articles with broad interest, as well as those with a theoretical focus. "Over-the-transom" papers still are accepted; however, the editorial board and the committee provide more oversight to assure that important topics and emerging issues are covered. There is also a greater effort to obtain discussions from acknowledged experts to be published at the same time that an *NAAJ* paper appears.

### Broad appeal is goal

With distribution to SOA members and other subscribers, the *NAAJ* will have the largest circulation of any actuarial publication in the world. This should increase its appeal to prospective authors.

Submissions from academic authors and individuals outside the actuarial community are actively encouraged. Although the high standards of a scholarly journal will not be sacrificed, the publication process is being refined to make it more user-friendly from the perspective of authors.

The scope of the *NAAJ* has been broadened with the intention of covering all areas of actuarial science that may be interesting or useful to all readers. In particular, this means that practice areas outside those of SOA members may be included from time to time. It is not anticipated, however, that the *NAAJ* will be a direct competitor to any other actuarial organization's publications. As an analogy, *Scientific American* may occasionally publish an article

on microbiology, but that in no way supplants the need for *The Journal of Applied Microbiology*.

### They deserve our thanks

We owe a debt of gratitude to those who served on the editorial board and Committee on Papers for the *Transactions* over the years. (Actually, the *Transactions* will continue in the form of the *Reports* volume. The *Reports*

includes experience studies and has been expanded to include major committee reports and other items of interest to SOA members.) We are also indebted to Directors of Publication Rob Brown and Brad Smith; to Sam Gutterman, immediate past president; and especially to Sam Cox, editor of the *NAAJ*, for their vision of the *NAAJ* and for making it a reality.

In my opinion, companies such as AT&T/Bell Labs are transforming themselves as a commitment to the future rather than relying on franchises that are a homage to the past. If the *Transactions* was considered a rose, then it is hoped that the *NAAJ* will be a whole bouquet.

David M. Holland can be reached by e-mail at 72277.2602@compuserve.com.

## CIA/U.S. discipline agreement signed

A reaffirmed reciprocal discipline agreement has been ratified by the Canadian Institute of Actuaries (CIA) and the U.S.-based actuarial organizations (the Society of Actuaries, American Academy of Actuaries, American Society of Pension Actuaries, Casualty Actuarial Society, and Conference of Consulting Actuaries).

The purpose of the agreement is to avoid multiple disciplinary investigations arising out of a single complaint, inquiry, or incident involving an alleged breach of the professional standards of the CIA and/or the U.S.-based organizations.

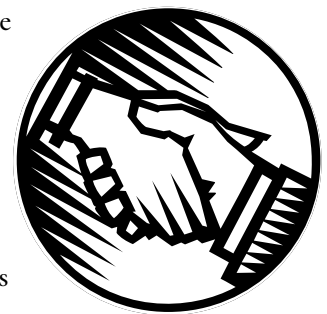
This agreement clarifies the procedures now in effect between Canada and the United States, which are:

- Members of the U.S.-based organization are required to comply with the rules of professional conduct, standards of practice, and eligibility requirements of the CIA when practicing in Canada.
- Members of the CIA are required to comply with the rules of professional

conduct, standards of practice, and eligibility requirements of the U.S.-based organizations when practicing in the United States.

- The residence or physical location of the actuary is irrelevant in determining where the actuary is practicing. Practice location is determined by the intended destination of his or her work — whether it will be used in the United States or Canada — or whether it is performed according to the legal or legislative requirements of the United States or Canada.
- Questions about a member's practice in Canada are investigated by the CIA. Questions about a member's practice in the United States are investigated by the Actuarial Board for Counseling and Discipline, a separate entity representing all U.S.-based actuarial organizations, managed by the American Academy of Actuaries.
- If the investigative body finds that a member has committed a breach of

the applicable rules in its jurisdiction, it communicates those findings to the appropriate organizations to which the



actuary belongs. While the investigative body will not recommend specific penalties to be imposed, it will recommend that appropriate disciplinary action be taken by the other organizations. More details on the discipline process in Canada and the United States are available in the January 1996 issue of *The Actuary* ("Awareness of discipline process keeps actuaries out of trouble," page 6). A copy of the reciprocal agreement can be obtained from Linda Blatchford at the SOA office (phone: 847/706-3564; fax: 847/706-3599; e-mail: lblatchford@soa.org).

## SOA president-elect candidates on the Web

The SOA this year will post its first online discussion forum for the three SOA president-elect candidates.

Questions can be directed to any and all candidates from July 8 through the afternoon of August 8.

Candidates will answer all questions in a timely fashion, and

questions and answers will be posted publicly (similar to the forums on Actuaries Online, the CompuServe service for actuaries). A dialogue of several questions, answers, and comments can be formed between the candidates and questioners.

On the SOA Home Page ([www.soa.org](http://www.soa.org)), click on Discussion

Forums and then on President-elect Candidates' Dialogue with Members. Then choose an existing discussion thread or key in a new topic.

Questions on the process can be directed to Debbie Jay at the SOA office (847/706-3539; e-mail, [djay@soa.org](mailto:djay@soa.org)).

## OPINION

# Forecast 2000 continues its successes

by Tony Spano

**F**orecast 2000, the actuarial profession's public relations program, is moving forward into the next century on a record of success.

## Evolution of program

Forecast 2000 was established in 1989 as part of an effort to draw attention to the actuarial profession during its centennial year. In that first year, the program targeted the news media, with the objective of making the profession better known to the media and the public. That publicity-oriented approach continued until 1992, when the program's advisory group recommended a shift in focus. The advisory group believed a program that would work toward making the profession more prominent and thus more influential in the public policy arena would be of great value. Since then, the focus has been mainly on public policy issues and on reaching elected officials and those involved in the policy process.

The substantial impact of Forecast 2000 was recognized in 1993, when the program was awarded a Silver Anvil, the top award given by the Public Relations Society of America, in the institutional program category. The award was based on the program generating 152 million media impressions and stimulating requests for actuaries to testify before governmental bodies and provide information to legislators, regulators, other associations, and the public.

## Program management

The American Academy of Actuaries manages the program for the profession, with the involvement of an advisory group comprised of representatives from the six other organizations representing actuaries in North America. The advisory group meets periodically to help set the program's direction for the benefit of the entire actuarial profession.



The budget is approved annually by the Council of Presidents. For 1997, the budget is \$176,000, a modest amount for a wide-reaching program of this type. The sponsoring organizations share the cost based on a formula correlated to membership.

The Council of Presidents evaluates the program annually before approving its budget. Results are quantified not only in terms of the numbers of media impressions and publication circulation, but quality of media placements. The number of requests for actuarial analysis from Congress also attest to the program's success in meeting its public policy objectives.

## Future direction

With the year 2000 quickly approaching, a new name for the program is now being discussed. However, the program will continue to focus on key public policy issues, emphasizing public officials at the federal and state level; private organizations such as think tanks, companies, and associations; and the national news media.

The Washington, D.C., office of the public relations firm Hill & Knowlton has been retained to implement the 1997 program. Jim Jennings, executive managing director, presented the following objectives to the Society of Actuaries Board of Governors at its March 13 meeting:

- Raise the visibility of the actuarial profession among elected officials, the news media, and the public.
- Position the profession as an important resource for independent, unique technical expertise on a broad range of social and financial issues.
- Increase public awareness and understanding of actuaries' skills and the value that the profession brings to society.

Jennings said the program will first test every tactic to ensure that it maintains the profession's high credibility, objectivity, and nonpartisan focus.

The short list of policy issues developed for immediate action include Medicare, Social Security, tax reform, and the Superfund. Some strategies include developing media briefing kits and articles for newspapers' editorial sections and scheduling desk-side briefings with actuaries and reporters. A report on the implications of major tax reform and its effects on employee benefits was released to the public in separate briefings for the news media and other interested parties at the National Press Club in Washington on May 13. The Joint Committee on Taxation asked the actuarial profession, through the Academy, to assess the implications of major tax reform on employee benefits. The report was the subject of Capitol Hill legislative briefings with Senior Pension Fellow Ron Gebhardtshauer on May 9.

Forecast 2000 planners also are looking at ways to make the profession more influential in Canada, on the state level, and with the NAIC.

At the March meeting, several SOA Board members commented on the program. "I'm very supportive," said Dick Schreitmueller. "A lot of progress should be made this year." Norm Crowder said, "The contributions on

*(continued on page 6)*



## Mergers (continued from page 1)

Towers Perrin, Hewitt, and Watson Wyatt Worldwide. Aon moves to fifth place, Coopers & Lybrand to sixth, and Buck to seventh. Deloitte & Touche remains in last place (in a group of eight now instead of the previous 10). (See Table 2, below.)

### What observers said

*Business Insurance*, which covered the mergers extensively, quoted observers on the impact these mergers would have on the marketplace.

In its March 17 issue, a story by Jerry Geisel noted, "Clients . . . say they do not worry — at least not yet — that the recent wave of mergers and acquisitions among employee benefit consulting firms will reduce competition and ultimately raise costs."

That observation came in a story presenting reactions to Marsh & McLennan's (M&M) acquisition of Johnson & Higgins (J&H), which combined J&H's consulting arm, Foster Higgins, with M&M's Mercer. The story pointed out that J&H clients would have access to the resources of Mercer, with four times as many employees as Foster Higgins had, offices in U.S. cities where Foster Higgins did not have a presence, extensive experience with international clients, and a major compensation

consulting unit. "But the benefits of the merger are not just one-way," the reporter wrote. "(Foster Higgins') consultants are considered first-rate." He quoted an executive recruiter as saying, "While Mercer has incredibly deep resources, Foster Higgins, pound for pound, has some of the top consultants in the country."

Reporting on Mellon's acquisition of Buck, writer Robert Kazel said the acquisition "is intended to create an industry powerhouse in total benefits outsourcing, though some in the industry are questioning how Buck's traditional consulting services will fare under bank ownership." Buck's then-CEO Joseph A. LoCicero had noted earlier that Buck would need "the deep pockets of a large parent company to remain competitive," the article said. Asked whether clients would hesitate to use both a benefits consultant and a bank so closely allied, LoCicero answered that Buck would keep its consulting services separate from Mellon, so clients wouldn't be faced with the prospect of bundling their services with one institution.

Of Buck's earlier acquisition of W.F. Corroon, the employee benefit consulting unit of Willis Corroon Group PLC, *Business Insurance* reported that the

agreement included Buck providing Willis Corroon clients with benefit consulting services and Willis Corroon providing Buck clients with insurance brokerage and risk management services. Buck and Willis Corroon also were pursuing a joint health care venture in the United Kingdom, and Buck said the merger would give it a presence in more U.S. and U.K. cities.

In describing the acquisition of Kwasha Lipton by Coopers & Lybrand, reporter Jerry Geisel wrote, "The deal brings Coopers & Lybrand a consulting firm highly regarded for customer service and innovation." He said executives in both firms stated the merger "could produce a benefits consulting powerhouse." Like Buck, Kwasha Lipton was looking for greater resources to compete in the outsourcing market, the story said.

While the implications for the consulting arms of Aon and Alexander have not been discussed widely, an Aon spokesman characterized the merger as "a tremendous strategic fit." He added, "It broadens the range of integrated services we can offer clients and continues to enhance the scope of retirement plan administration and strategic consulting services Aon Consulting brings to the marketplace."

**Table 1. Pre-merger data**

Firm	U.S. revenue <sup>1</sup> (\$ millions)	Ranking by size <sup>1</sup>	
		U.S.	Worldwide
Towers Perrin	\$476	1	2
William M. Mercer Cos. Inc.	474	2	1
Hewitt Associates	464	3	4
Watson Wyatt Worldwide	354	4	3
A. Foster Higgins & Co. Inc.	216	5	7
Coopers & Lybrand LLP <sup>2</sup>	198	6	5
Buck Consultants <sup>3</sup>	169	7	8
Aon Consulting	121	8	9
Alexander Consulting Group	117	9	10
Deloitte & Touche LLP	108	10	NA

1. Estimates for benefit consulting practice by *Business Insurance*, Dec. 9, 1996.

2. Data are for Human Resources Advisory Group only.

3. Data do not reflect acquisition of W.F. Corroon in November 1996.

**Table 2. Post-merger U.S. rankings in size**

U.S. ranking	Firm
1	<b>J&amp;H Mercer</b> (A. Foster Higgins now part of Mercer)
2	<b>Towers Perrin</b>
3	<b>Hewitt Associates</b>
4	<b>Watson Wyatt Worldwide</b>
5	<b>Aon Consulting Worldwide</b> (Alexander Consulting now part of Aon Consulting)
6	<b>Coopers &amp; Lybrand LLP</b> (Kwasha Lipton now part of Coopers & Lybrand)
7	<b>Buck Consultants</b> (W.F. Corroon now part of Buck, now a division of Mellon Bank Corp.)
8	<b>Deloitte &amp; Touche LLP</b>

Rankings based on combining revenue information from Table 1.

# Task force focuses on raising DFCA's visibility

Since the second edition of the *Dynamic Financial Condition Analysis Handbook* was released in May 1996, the SOA Task Force on the DFCA Handbook has been involved in several projects. Many have focused on increasing SOA members' awareness of DFCA and the information in the handbook. Following are some of the events and activities of the past year.

## Action in Canada

In Canada, DFCA (called dynamic solvency testing [DST] in that country) is now required by law. An annual report of every company's DST analysis must be filed with Canada's Office of the Superintendent of Financial Institutions after it has been presented to the company's board of trustees. This new requirement appears to be well accepted by the industry and the actuarial profession. In 1998, property and casualty actuaries also will be required to carry out and report on DST studies. The government is considering extending this analysis to banks that are acquired by insurance companies.

## In the United States

The American Academy of Actuaries' Task Force on Insurer Solvency is working with the NAIC to consider possible additional incentives to encourage companies to undertake DFCA. The emphasis has shifted from solvency to viability of the company. The SOA task force chairperson, James Reiskytl, has been working with the Academy task force on DFCA-related issues.

The SOA's DFCA Handbook task force has identified a number of potential incentives to encourage companies to do this analysis. These ideas will be shared with the Academy committee at its next meeting. They include:

- Credit on the risk factor RBC C-4 (miscellaneous business risks), which could reduce a company's capital requirements and free up assets
- Permission to continue providing a Section 7 opinion, saving the time and expense involved in doing the required cash flow tests

- Quadrennial rather than triennial exams by state insurance departments, saving insurers time and money
- Granting credits against guaranty fund assessments by the life and health insurance guaranty associations, reducing costs
- Working to communicate the value of DFCA to rating agencies, which might view companies using DFCA in a more positive light

The basic incentive for doing DFCA is always there: being a well-managed company. Any other incentives, such as those listed above, would just be "something extra" to encourage companies to commit the resources and time necessary to put a DFCA process into place.

## SOA activities related to DFCA

Though a new paper version of the handbook will not be published in 1997, Chapter 1 has been updated. Both the new chapter and the entire handbook are available through Actuaries Online on CompuServe through October 1997. The second edition of the handbook incorporating the new opening chapter will become available through the SOA Web site ([www.soa.org](http://www.soa.org)) this month. Updates to Chapter 2 and to the sample report in Appendix A are planned for later in 1997. They, too, will be available through Actuaries Online and the SOA Web site.

A session on DFCA at the 1996 SOA annual meeting in Orlando was well attended. Participants were given an update on U.S. and Canadian changes in this area. Also discussed was the latest research to develop techniques used in DFCA. A transcript of the session will be available on Actuaries Online and the SOA Web site in late June.

Activities for later this year include: articles on DFCA in various publications; Session 120 ("DFCA Update") at 8:30 a.m., October 29, at the SOA 1997 annual meeting in Washington, D.C.; and a November 14-15, 1997, seminar in Albuquerque, N.M. Participants at this seminar, through the use

of small groups and two case studies, will have a hands-on opportunity to do DFCA and to develop a recommended course of action for their companies' managers.

The task force welcomes your comments on the handbook and your ideas and reactions to the Academy and NAIC projects to encourage DFCA through incentives. Comments can be forwarded to Reiskytl at his *Directory* address or to Judy Strachan, education actuary, at the SOA office (e-mail: [jstrachan@soa.org](mailto:jstrachan@soa.org)).

Copies of the *Dynamic Financial Condition Analysis Handbook*, published in a loose-leaf binder format for easy addition of updates, are available through Cathy Cimo in the SOA Books Department (phone: 847/706-3526; fax: 847/706-3599). The cost is \$40 for the complete handbook. Updates to the first edition cost \$15.

## Forecast 2000

(continued from page 4)

policy issues should be considered as most important." "I'm heartened to see the development in direction," said Kurt von Schilling.

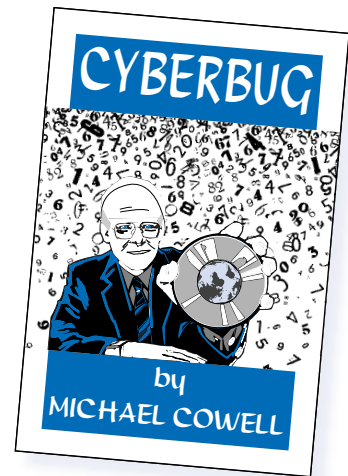
For updates on activities of Forecast 2000, see current issues of the Academy's *The Actuarial Update* and the April issue of *The Actuary*. They carry articles of actuarial contacts with legislators, regulators, and other organizations and report on monographs and studies of the issues. Although these articles do not always identify activities as part of "Forecast 2000," you can be confident that the work being reported is all part of meeting Forecast 2000 objectives.

**Tony Spano, now retired from the American Council of Life Insurance, is the Society of Actuaries representative to the Forecast 2000 Advisory Group. He can be reached by e-mail at [aspano3803@aol.com](mailto:aspano3803@aol.com).**

# Book reviews

## Two views of *Cyberbug*

*Cyberbug*, a novella written by Michael J. Cowell, is being published by the Society of Actuaries. The story follows an imaginary actuary and his family into the 21st century and tells how the dramatic changes around them alter their lives. Here, two actuaries offer their reviews of the novella (a work of fiction between a short story and a novel in length and intricacy). The book was the topic of Cowell's May 22 address to the general luncheon during the SOA's 1997 spring meeting in Palm Desert, Calif., and was a seminar topic of the Bowles Symposium, September 26-27, 1996, at Georgia State University. Cowell is vice president and corporate affairs actuary, UNUM Life Insurance Co. of America, Portland, Maine. *Cyberbug* is available for \$10 from the SOA Books Department (phone: 847/706-3526; fax: 847/706-3599).



## Fine storytelling dramatizes future whirlwind

by James Toole

**C***yberbug* by Mike Cowell is the book that might have resulted if Marcel Proust had been sitting in a pub eating bangers and drinking stout with Blaise Pascal and Steve Jobs instead of eating madeleines at his aunt's. An arcing tale of careers, generations, and geopolitical conflagrations, *Cyberbug* is perhaps the most creative work by an insurance executive since Wallace Stephens, vice president of Hartford Accident and Indemnity, published the American masterpiece *Harmonium* in 1923. The resulting kaleidoscope of landscapes, dreamscapes, and netscapes are seamlessly (and shamelessly?) tied together by a natural catastrophe that would dwarf the real world's top 10 natural disasters.

Our protagonist, Bill Wainwright, is first seen struggling with a knotty health care modeling problem late in his career. We then return to see the events leading up to this moment, and an eventful life it is. From the formation of the North American Institute of Actuaries to changing global weather patterns to the insurgency of the "New Lions" of the Southern

Hemisphere on the world economic stage, Bill Wainwright is an active, if sometimes unwilling, participant on the world stage. His home life is equally tumultuous, with multigenerational influences pulling at his heart and his purse. The challenge and importance of continuing education in a rapidly changing world is also well presented.

*Cyberbug* is not afraid to tackle head-on the thorny issues surrounding the aging population of the industrialized nations, introducing some very interesting ideas. The actuarial issues are couched expertly in the development of the story through the main character and his family and friends. In this age of political correctness, Cowell is not afraid to present a culturally and religiously diverse group of characters, alternately discussing sex, politics, and religion, and also engaging in some serious fly fishing.

Take the opportunity to read *Cyberbug*. You will be glad you did. **James Toole serves in the SOA's Ambassador Program as its representative in Mexico, and he was the editor of *Actuarial Speculative Fiction*, published in 1996 by the Computer Science Section. He is a consulting actuary with Tillinghast-Towers Perrin, Mexico City. He can be reached by e-mail at [toolej@towers.com](mailto:toolej@towers.com).**

## Retirement shown in its complexity

by Anna Rappaport

**M**ike Cowell, a Fellow of the Society of Actuaries, is to be congratulated for an excellent piece of work. *Cyberbug* helps those of us studying the aging society to focus on some major issues. By showing how these issues impact the lives of one fictional family, Cowell has pointed out the interconnectedness of many of these issues and vividly demonstrated that we cannot deal with them in isolation.

The themes that his book discusses include:

- Globalization and its impact on us
- Implications of discontinuities
- Changing health care practices and ethics, and resource constraints
- Retirement ages
- Implications of different family structures and multiple families
- Competing demands for resources (for example, for retirement and education)
- Maintaining skills in a changing world
- Multiple careers

Actuaries are challenged by the need to weave together these diverse topics. Often we look at each in isolation and miss much of the richness of the total picture.

(continued on page 8)

## Job openings overflow at SOA service

Some 80 positions had been filled through the SOA's resume matching service and 270 active openings were in its job bank when *The Actuary* went to press. The service only had 153 resumes on file.

The service is available to unemployed members and to students with at least 100 actuarial exam credits. It is offered free of charge.

While positions are available at all levels, "the greatest need is for ASAs with about three years' experience," said Pat Holmberg, Education and Examination ombudsperson, who heads the resume matching service. She said there's an abundance of jobs in all practice areas and U.S. regions, as well as a few overseas organizations. She also noted that financial jobs have increased, most requiring experience in asset liability management.

Resumes sent to the SOA are categorized by each candidate's education, professional level, practice area, and experience. Employers provide the SOA with a list of qualifications. Resumes on file are matched with those qualifications by Holmberg, who submits the appropriate resumes to employers. Each employer decides which candidates to contact.

Job seekers and employers can obtain applications by contacting Pat Holmberg, E&E ombudsperson (address: Society of Actuaries, 475 N. Martingale Road, Suite 800, Schaumburg, IL 60173-2226; phone, 847/706-3527; fax, 847/706-3599; e-mail, pholmberg@soa.org). Applications also are available through Actuaries Online in the Education and Examination message section.

## Retirement (continued from page 7)

To me, *Cyberbug* raises issues related to the changing family and the financial status of women. Although the character Emily ends up in a much better financial situation than Bill, in real life women often suffer financially more than men. Women have longer life expectancies. The marital status and living arrangements of older men and women are very different. These and other differences in the lives of elderly men and women raise important issues in financial planning.

*Cyberbug* highlights other topics that are important in actuaries' daily work. Within Bill's lifetime, there was a substantial change in retirement ages as well as significant discontinuities in other areas. Retirement ages in the United States have long trended significantly downward, but recently there has been a small increase.

Several of the papers presented at the 1996 Bowles Symposium (where *Cyberbug* was first discussed) focus on issues related to retirement ages. However, all seem to focus on retirement as a defined discrete event. The

definition of retirement is different depending on one's perspective. For a pension plan sponsor, a retiree is one who is getting a benefit check. For an individual, retirement might be thought of as a description of current activities or of current income. For public policy purposes, retirement probably relates to resources needed. Gradual or phased retirement is also something we need to consider more.

*Cyberbug* leaves us with some major challenges. Our models integrate many factors, but they tend to deal with financial security programs one at a time. In fact, there are interrelationships. The challenge is to determine how best to integrate our considerations and what models and assumptions we need. Cowell's book reminds us of discontinuities and the impossibility of a perfect plan.

**Anna Rappaport is the 1996-97 SOA president-elect. She is a principal of William M. Mercer, Chicago. She can be reached by e-mail at [anna\\_rappaport@mercer.com](mailto:anna_rappaport@mercer.com).**

## Information fair new this year at annual meeting

The first Actuarial Careers Information Fair, sponsored by the joint SOA/CAS Committees on Career Encouragement and Minority Recruiting, will be held Monday, October 27, during the SOA annual meeting.

The event is a special information session for those with little or no knowledge of the actuarial profession. Invitations will be sent in September to mathematics, finance, and economics professors from the surrounding region, as well as to high school guidance counselors. Professors and counselors may invite a limited number of qualified students to attend.

The fair is intended to acquaint attendees with the profession, the

basics of the SOA/CAS education and examination system, appropriate courses to take in school, skills necessary for a successful career, job responsibilities of an actuary at various levels and specialties, the job outlook, and Web sites and other sources for more information.

Immediate Past President Sam Gutterman will kick off the fair with a brief welcome and overview of the profession. Attendees will then circulate between breakout sessions and several information booths and stations presenting materials and demonstrations. Attendees will end the day with a visit to the annual meeting exhibit hall.



# Career perspectives

## 'One employer' is no longer the rule

by *Jacqueline Bitowt*  
SOA Public Relations Specialist

If any actuary's career shows that times have changed, it's that of Julia Philips.

Actuaries who work for one employer for an entire career are becoming rarer. Insurer consolidations, a changing marketplace, globalization, and information technology are some of the reasons. While insurers still employ more actuaries than any other industry, a large portion of the actuarial workforce is moving to different types of organizations.

### Setting the pace

These are part of an occasional series of articles highlighting personal careers and offering new perspectives on actuarial job paths.

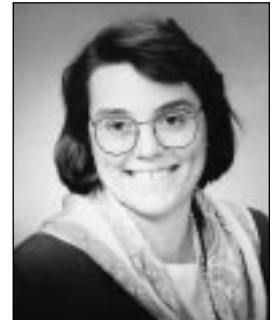
Since beginning actuarial work in 1980, Philips has worked for an insurer, a consulting firm, and, now, government. Over 17 years, she has found that technical skills endure while new knowledge must be gained, other skills must be added, perspectives have to shift, and learning becomes a constant.

### All knowledge is useful

Philips is one of two actuaries for the Minnesota Department of Commerce, which oversees the state's insurance matters. "I'm an example of someone who proves it's a fallacy that you can't make changes later in your career," she said. The health actuary joined the state in 1995 after two-and-a-half years with consulting firm Milliman & Robertson,

Inc., her employer after she left Western Life Insurance Co. (which became Fortis Benefits Insurance Co.).

Her first actuarial job was a two-year stint with IDS Life Insurance Co. In 1982, she started working in group health at Western Life, "and I stayed for 10 years," she said.



*Julia T. Philips*  
Health Actuary,  
State of Minnesota  
Department of  
Commerce

*(continued on page 10)*

## Actuary moves to health care provider side

by *Linda Heacox*  
SOA Public Relations Specialist

Business acumen and a restless curiosity have landed actuary Jeffrey J. Nohl in that oft-talked about position, the nontraditional job. Nohl is president of Aurora Health Network, a Milwaukee-based physician-hospital organization, and he has traveled a long, circuitous route from his starting point as a credit insurance actuary.

Beginning his actuarial career at CUNA Mutual in Madison, Wis., in May 1972, Nohl's path to the present wound through the individual life actuarial departments of both Minnesota Mutual Life Insurance Company, where he spent two years, and Time Insurance Company, where he spent 11 years. Time's group insurance line "was leaking money," said Nohl, who jumped to the

group side to stem the leak. Within a year, the health line was making money, and Nohl had added the underwriting department to his responsibilities.

With a penchant for "fire fighting," Nohl left Time to head the actuarial and underwriting areas at Blue Cross Blue Shield United of Wisconsin. Like Time, Blue Cross was in crisis, brought on by a computer conversion. Eventually, Nohl had actuarial, underwriting, and marketing responsibility for all Blue Cross lines of business including the company's HMO. "It was a great opportunity to learn the HMO business," he said. Nohl soon was tapped by Blue Cross to negotiate a joint venture partnership with Wally Hilliard and Ron Weyers, the legendary insurance entrepreneurs who

had started Employer's Health Insurance. American Medical Security (AMS) grew out of their collaboration. Within five years, AMS was a \$1-billion-dollar-a-year small group company. Nohl served as the Blue Cross liaison to AMS.

Nohl was promoted to president of Blue Cross's HMO, CompCare, and it was in this position that he helped



*Jeffrey J. Nohl*  
President, Aurora  
Health Network

*(continued on page 10)*

## 'One employer' (continued from page 9)

"I took on whatever needed to be done: dental insurance, anything. It all became useful later on."

She joined Milliman & Robertson (M&R) to broaden her career. One project Philips worked on involved FAS 106 compliance, which combined group health work, her specialty for the prior 10 years, with pension work, which she did in her first job.

### 'Who are my customers?'

But Philips' M&R assignments required far more than the knowledge and skills she already had. "As a consultant in health insurance, my clients were insurance companies, HMOs, government bodies — a wide range of the entities interested in health insurance. This was a much broader scope than I had in my earlier jobs," she said. "For example, I had to learn much more about health care reform to work successfully with both the Minnesota Health Care Commission [a governor-appointed body] and insurance companies."

As an M&R consultant, Philips helped the commission in its work of developing recommendations for legislation to implement the Minnesota legislature's desire for health care reform. Philips' interest in the public sector grew as, separately and simultaneously, she was looking for a way to spend more time with her three children. She joined the state's commerce department, and once again her perspective shifted. "Who are my customers? When I worked for an insurance company, I had a responsibility to management, the policyholders, and the stockholders — and, of course, the general public. But in government, I feel my responsibilities are more directly related to the public. And 'the public' includes insurance companies; they're my customers, too. I'm protecting the entities as well as the public, and if I make it hard for the companies, I'm not being responsible."

### Seek the right culture, not the 'perfect' job

Philips noted that in all three roles — insurance actuary, consultant, and government actuary — the basic skills she learned as an actuarial student are useful every day. "I don't consider any of the time in my career as wasted," she said. "So many actuaries think they have to find the 'perfect' situation. What I found is that you get out of a job what you put into it."

Of real importance, Philips said, is the work environment — often termed "corporate culture." "The differences between two insurers can be much greater than those between an insurer and a consulting firm," she observed. "It's important to find the right fit between one's personality and that of the work environment." But above all, she said, "you do have to pursue what you really love to do. If it's insurance work, then pursue it. Don't make a move just because you think the money will be better."

## Actuary moves to health care provider side (continued from page 9)

develop the first Blue Cross initial public stock offering. With greater knowledge of negotiating and deal making, Nohl moved from the familiar insurer side of health care to the provider side, joining Aurora in 1995 as president of its 11-hospital, 1,700-physician network.

### Actuarial training is asset

Today, Nohl considers his actuarial training a real asset. "If you're negotiating, pricing, or underwriting, you can always rely on that training. For instance, if Aurora is negotiating a financial arrangement with an insurer who wants us to take on risk-sharing, it's important to recognize the things the insurer is doing that will affect the amount of risk we'll take as a provider. With a knowledge of the insurer's side, you can protect yourself."

At the moment, Nohl said, providers lack important data. "There's a huge

disparity between the information an insurer has and the information a provider has when they enter negotiations," he noted. The insurer knows what the membership base is, but the provider has no idea. Also, providers don't see what services patients are receiving from other providers. Insurers have a complete picture of all the services and costs surrounding the members. Though providers are working on the systems to do that, insurers have a big edge now.

"That's why I believe actuaries are better off learning the industry from within an insurance environment, especially if they're still taking their exams and the company is supporting their efforts," said Nohl. "They should get familiar with all the data and how the insurance side works before moving to the provider side." But while learning as insurers, actuaries should look for

opportunities to do work as providers. "A lot of physician hospital groups and physician groups are using actuarial consultants, so if you're on the consulting side, you may run right into this kind of opportunity."

### Mail alert

The second ballots for the Society's 1997 elections will be mailed to all Fellows on July 8. Fellows who do not receive a ballot by July 18 should contact Lois Chinnock at the Society office (phone: 847/706-3524; fax: 847/706-3599; e-mail: lchinnock@soa.org). To be valid, ballots must be returned to the Society office by August 8.

# Revision of *Actuarial Mathematics* reflects changes in profession



**A**ctuarial work is changing with the globalization of business and technological advances. The second edition of *Actuarial Mathematics*, to be published this month, recognizes and addresses some of the new ways of working.

First issued in 1986, the textbook is used in SOA Courses 150 and 151 and is on the recommended reading list for Seminar 152.

“We’re in a technological revolution, and we have to keep moving ahead with new ideas. Time marches on,” said James C. Hickman, one of the book’s five original authors and one of the three who revised the text.

Among the notable differences in the revised text are a new chapter on stochastic models of interest rates and the omission of commutation functions, no longer a staple of actuarial calculations. In the new text, readers are instead asked to use current software to complete exercises that illustrate actuarial calculations.

Also, said Hickman, “The whole approach to regulation is entirely different in the second edition. Specific insurance regulations and practices in Canada and the United States are relegated to examples and exercises. The basic issues that motivate regulation and practice survive.”

He added, “We’re going international — this text has an audience in Mexico, Asia, and perhaps elsewhere. There are new ideas, new commercial practices. One of them is in the pension area: the decline of defined-benefit plans and the rise of defined-contribution plans. We didn’t change it; the world did. But we must acknowledge these types of changes in our work.”

In general, “we attempted to eliminate some of the products people have lost interest in and include current products,” said Newton L. Bowers, another of the revised text’s authors. “Retirement income policies, also known as income endowment policies, have been virtually

unknown for 15 years. Those and others may have historic interest, but that isn’t the focus of *Act Math*.” New products include accelerated benefits for terminal illness and long-term care.

Donald A. Jones, another of the revised text’s authors, observed, “A lot of teaching is done by professors doing research because you can’t get cutting-edge developments into print very quickly. We know that the publication process keeps us from being as current as everyone would like, but we believe the new edition of *Act Math* will be useful for teachers and students. It offers much of the latest thinking in actuarial science.”

Copies of the 780-page book will be available July 1. The cost is \$75, and the book can be ordered through Cathy Cimo in the SOA Books Department (phone: 847/706-3526; fax: 847/706-3599).

## Next holder of Bowles chair announced

**T**he third holder of the Thomas P. Bowles Jr. Chair of Actuarial Science will be Patrick L. Brockett, Ph.D., director of the Risk Management and Insurance Program at the University of Texas at Austin.

As the chairholder, Brockett will lead the third Bowles Symposium on March 26-27, 1998. Its focus will be genetic technology’s impact on underwriting.

Brockett received the 1991 Halmstad Prize Award from Actuarial Education and Research Fund (AERF) for his *Transactions of the Society of Actuaries (TSA)* paper, “Information Theoretic Approach to Actuarial Science: A Unification and Extension

of Relevant Theory and Application.” He was co-author of the 1996 SOA Annual Prize winning paper published in the *TSA*, “Actuarial Usage of Grouped Secondary Data.” His research has been awarded similar honors from the American Risk and Insurance Association, the American Statistical Association, and the International Insurance Society. His publications include several books and monographs and more than 100 journal articles. In addition to directing the Austin program, Brockett is holder of the Gus S. Wortham Memorial Chair in Risk Management and Insurance at the university’s graduate business school.

The Thomas P. Bowles Jr. Chair of Actuarial Science was established in 1988 to honor the renowned actuary for his contributions to the profession and his role in instituting the actuarial science program at Georgia State University. The chair’s purpose is to contribute to the profession’s vitality by addressing issues in the changing and complex environment in which actuaries practice.

Earlier chairholders were Hans Bühlmann, Ph.D., professor of mathematics at the Swiss Federal Institute of Technology, in 1995, and actuary James C. Hickman, Ph.D., professor emeritus and dean at the University of Wisconsin School of Business, in 1996.

## SOA and Nankai U. celebrate 10 years of working together

The Society of Actuaries and Nankai University this month mark the 10th anniversary of the signing of the first agreement of support for the university's graduate program in actuarial science.

A celebration will be held June 22-25 at the university in Tianjin, China. Participants will include the presidents of four major actuarial organizations: David Holland, 1996-97 SOA president; Takashi Mitamura, president of the Institute of Actuaries of Japan;

Jung-Hui Hwang, president of the Actuarial Institute of the Republic of China (Taiwan); and C.F. Yam, president of the Actuarial Society of Hong Kong. Representing the SOA with Holland will be Yuan Chang, SOA vice president, and Harold Ingraham, Jr., who was SOA president in 1986-87, when the Nankai program was founded.

The program was among the first actuarial science courses of study to be established in China.

### Teachers sought as agreement is renewed

The SOA has signed a three-year renewal of support for the Nankai graduate program. The renewal takes effect with the 1997 fall semester.

SOA members and others interested in teaching in the cooperative program can obtain information from Linden Cole at the SOA office (phone: 847/706-3595; fax: 847/706-3599; e-mail: lcole@soa.org).

## Asia Committee formed by SOA

by August Chow

To promote actuarial education in Asia and to strengthen support and services to its members there, the Society of Actuaries has recently formed a new committee, the Asia Committee, which is open to all SOA members practicing or residing in Asia.

The Asia Committee's mandates are:

- To represent the SOA in promoting actuarial education in Asia
- To provide services to SOA members in Asia in the development of actuarial education, research, and professional support
- To build the image and awareness of the actuarial profession in Asia

The committee held its inaugural meeting on February 4, 1997, in Hong Kong. Subcommittees were formed for membership, priority and planning, education, finance, public relations, and professional conduct.

The Asia Committee is chaired by Yuan Chang, a vice president of the Society, who is currently based in Hong Kong. Core members of the Asia Committee are P.Y. Chan, Clement Cheung, August Chow, Danny Chung, Martina Chung, Danny Lam, Dominic Lee, Anna Louie, Peter Luk, Edward Sin, and William Wong. In addition, Zhenghuai Li is serving

as an advisor on Chinese actuarial matters. He is the deputy general manager of Tai Ping Life Insurance Company in Hong Kong, and formerly headed the actuarial department of the People's Insurance Company of China.

More information on the Asia Committee is available from me, August Chow, in Hong Kong (fax: 852/2817-5852).

**August Chow chairs the SOA Asia Committee's membership subcommittee. He is president of Prime Consulting Co. Ltd., Hong Kong.**

## Seminars, study aids offered for actuarial exams

### Study helps, workshop offered by ASM

Actuarial Study Materials (ASM) now has a Web site. The address is [www.webcentre.com/asm](http://www.webcentre.com/asm). ASM materials can be ordered through the Web site or by phone (toll-free: 888/ASK 4 ASM), fax (516/868-6595), or e-mail ([asm@webcentre.com](mailto:asm@webcentre.com)), or see your study notes package.

ASM will sponsor an intensive 3½-day problem-solving workshop for the EA-2 exam. The workshop is set for October 16-19 in New York City. Details are available in your study notes package and from Harold Cherry (phone: 516/868-2924).

### Austin 150 Seminar

An eight-day intensive seminar for Course 150 will be offered by James

W. Daniel, September 27-October 4, Austin, Texas. Daniel heads the actuarial studies program at the University of Texas at Austin. A preliminary questionnaire will be used to match the seminar to student needs. A voluntary prerequisite exam, answer key, and score interpretation are also available. Registrations are due August 22. Forms are available by phone or fax (both: 512/343-8788).





on the  
lighter  
side

## Speculative fiction contest is back

by Carol Marler

**B**orgs, morphs, and clones return. The Computer Science Section is again sponsoring its “almost annual” Actuarial Speculative Fiction Contest.

This is the second competition, following the first held in 1995-96. The guidelines are the same:

- Stories must center on actuaries and the use of technology.
- Entries must be 10,000 words or less.
- Illustrations/fanzines are encouraged.
- Entrants must have passed at least one actuarial exam. (College courses, GMAT, etc., don’t count.)

The contest not only offers a creative outlet for actuaries but also grants prizes. The first prize is valued at \$250. Other awards may be given to runners-up, depending on the quantity and quality of entries received.

Once again, contest entries will be judged by Bob Mielke, Ph.D., associate professor of English at Northeast Missouri State University. He is a creative writing instructor and the author of monographs on J.G. Ballard, British writer of “new wave” speculative fiction.

Winning stories will be published and made available to SOA members in printed form and on Actuaries Online, as was done in the first contest. They also will be posted on the SOA Web site.

The deadline for entries is August 31, 1997. Entries should be submitted in duplicate and include an IBM-

compatible diskette with the entrant’s word processing file. (Entries created in unusual programs should be converted to ASCII.) Entries should be sent to me, Carol Marler, 9815-J Sam Furr Road #205, Huntersville, NC 28078. Questions may be directed to me also (phone: 704/344-2821; e-mail: carol.marler@transamerica.com).

**Carol Marler is a member of the SOA’s Computer Science Section. She is director of actuarial research for Transamerica Occidental Life, Reinsurance Division, Charlotte, N.C.**

## The actuary as guiding star

by Marc Twinney

**W**hen you go sailing or boating this summer, you may navigate by line of sight or by satellite. In fact, you can navigate just about anywhere if you have the right new digital device in your car or in hand-held form.

Navigation is one of the many applied sciences that has undergone profound change. Shortly after Lewis and Clark returned from their journeys, the great navigator and actuary Nathaniel Bowditch reformed the field of navigation. Captain Lewis navigated brilliantly across the North American continent, but his trip would have been a lot easier with Bowditch’s tables.

Bowditch developed his new approach in the first decade of the 19th century. In an article for the June 1979 issue of *The Actuary*, Dwight Bartlett III wrote:

Bowditch was undoubtedly the leading American mathematician of the early 19th century. He was primarily known for his work in celestial navigation and celestial mechanics. The volume of tables he produced for celestial navigators is still in use today in much revised form and is familiarly known as “Bowditch’s.”

In due course, the U.S. Navy would use Bowditch’s slim volume and precise tables to train civilians (not to mention Annapolis midshipmen

for early engagements) in navigation sufficient to cruise through two World Wars and the Korean conflict.

In 1823, Bowditch accepted a job as actuary with Massachusetts Hospital Life Insurance Company, one of the state’s original insurance companies — primarily to obtain the financial resources needed to publish his scientific works. His earlier jobs give hints of adventure: serving on merchant vessels (including a stint as ship’s captain), clerking in maritime stores, and even being president of a maritime insurance company.

In his job as actuary, according to Bartlett’s research, Bowditch “was responsible for the entire management of the company in a way that would be characterized today by the title of chief executive officer.” While his actuarial and management work were solid, Bowditch directed his innovative and scholarly mind to mathematics and navigation. However, wrote Bartlett, “I concluded that Bowditch had left an even more important inheritance to the life insurance business and the actuarial profession than any original scholarly work he may have done in actuarial science. This inheritance is the absolute integrity he demonstrated in the conduct of his office.”

More about Bowditch is presented in the books *From Actuarius to Actuary* by Robert C. Mitchell and *Yankee Stargazer* by Robert C. Berry.

Bowditch memorabilia is being assembled in a library in the community where his family summered: Islesford, Maine, on Little Cranberry Island. Visitors to Acadia National Park can take a ferry boat to this small, timeless place next door. The Bowditch collection is a salute to our forefathers, their precision and discipline, and their willingness to conquer the next unknown. As actuaries face diverse futures in new directions, they can remember Bowditch and keep his adventurous spirit alive.

**Marc Twinney is an associate editor of *The Actuary* and served on the U.S. Advisory Council for Social Security.**

E&amp;E

## CORNER

**New deadlines announced for exam registration**

New examination registration deadlines will go into effect this fall. Applications for the November 1997 examination session must be received at the Society office by October 1, 1997. Applications that arrive after that date will not be considered. Applications for the February 1998 examination session must be received by January 15, 1998; for the May 1998 session, by April 1, 1998.

**Changes in pension track**

Candidates should remember that beginning with the fall 1997 exam session, several changes will go into effect in pension track courses:

- Courses P-560, P-561C, and P-562U will be replaced by a new 25-credit elective, P-567,

“Retirement Income Security — A Worldwide Perspective.” P-561C and P-562U were offered for the last time in fall 1996, and P-560 was offered for the last time in spring 1997.

- Course P-361C, “Design of Retirement Programs — Canada,” will contain material from P-565C, offered for the last time in spring 1997. The number of credits will be increased to 25.
- Course P-362U, “Design of Retirement Programs — U. S.,” will contain material from P-566U, offered for the last time in fall 1996. The number of credits will be increased to 20.

**Reminder: the SOA calculator**

The current official calculator is the Texas Instruments BA-35 Solar. Though it is nearly identical to the BA-35 battery-powered model, a few calculations are performed somewhat differently. Candidates may continue to use any previous model which bears the official SOA logo; however, any substitute calculator provided by the exam supervisor will be the BA-35 Solar.

**SOA's Web site on 'Top 5' list**

The Society of Actuaries' Web site has been selected by Harcourt Brace Professional Publishing as a winner in its “Top Five” Web site contest.

Visitors to Harcourt Brace's Web site nominate their favorites, which are then judged by a team of the publisher's book and newsletter editors. Overall excellence, quality of design, and value of content are considered, and the site must be related to accounting or business consulting.

The SOA Web site ([www.soa.org](http://www.soa.org)) was designed by Centrax, Chicago, with later modifications by Debbie Jay, SOA Webmaster. Peggy Grillot, SOA online systems manager, and Jim Weiss, SOA director of information services, are responsible for overall management.

The SOA Web site was highlighted on Harcourt Brace's weekly “Top Five” page during the week of April 28. Since then, the SOA site has been hot-linked from Harcourt Brace's archives and directory of top sites ([www.hbpp.com/topfive/topfive.html](http://www.hbpp.com/topfive/topfive.html)).

**Cup of good cheer for puzzle solver**

*Karen Hanson poses with the latest addition to her mug collection — a prize for being chosen January winner of The Actuary's 1997 puzzle contest. The specially designed mug is a 15-ounce cup in cobalt blue with gold letters designating the winner an “F.S.A.P. — Famous Solver of ActuPuzzles.” One mug will be presented for each month a puzzle is published to a winner selected at random from that month's solvers. Names of all solvers will be published in The Actuary's puzzle section. Hanson's name was drawn from 87 January solvers. She is associate valuation actuary, Pioneer Financial Services, Schaumburg, Ill.*

**Section ballot deadline is August 8**

Section election ballots will be mailed the week of July 7. Please take an active role in the election process that determines your Section leadership. Review the list of Section council candidates and their biographies and vote for the candidate you'd most like to represent you.

Mail your ballot so it will reach the SOA office by Friday, August 8. If you are a member of one or more Sections and do not receive the election mailing by July 21, contact Lela Long at the Society office (phone: 847/706-3533; fax: 847/706-3599; e-mail: [llong@soa.org](mailto:llong@soa.org)).

## Upcoming SOA meetings and seminars

July 28	Market-Driven Product Development for Life Insurance Companies	Sheraton Gateway Suites, Rosemont, Ill.
July 29-30	Empirical and Theoretical Foundations of Interest Rate Models	Sheraton Gateway Suites, Rosemont, Ill.
Sept. (date TBA)	Illustrations	Location TBA
Sept. (date TBA)	Use of Derivatives by Insurance Companies	Location TBA
Sept. (date TBA)	Investment Fall Training	Location TBA
Sept. 15-16	Valuation Actuary Symposium	Atlanta Marriott Marquis, Atlanta
Sept. 16-17	Risk Management	Atlanta Marriott Marquis, Atlanta
Sept. 16-18	Data Warehousing and Data Mining	Atlanta Marriott Marquis, Atlanta
Oct. 26-29	SOA Annual Meeting	Washington Hilton & Towers, Washington, D.C.
Oct. 29-30	Insurance in China	Location TBA
Nov. (date TBA)	Data Warehousing and Data Mining	The Renaissance Hotel Washington, D.C.
Nov. 10-11	Critical Issues in Underwriting	Pointe Hilton Resort at Tapatio Cliffs, Phoenix
Nov. 14-15	Dynamic Financial Condition Analysis	Albuquerque Hilton, Albuquerque, N.M.
Dec. 8-9	Integrated Approaches to Risk Measurement in the Financial Services Industry	Georgia State University Atlanta

For updates on all seminars, watch for SOA mailings. Seminar information also is posted on the SOA Web site ([www.soa.org](http://www.soa.org)) under Continuing Education.

### DEAR EDITOR

#### Employers and Social Security in the same boat

I would like to congratulate Ting Kwok for his excellent letter (*The Actuary*, April 1997) regarding the need for a productive economy to support Social Security. His comments are clear and cogent.

I would like to add that a productive economy needs to support employer-sponsored pension plans as well. Social Security payments are funded by the working population, either directly or — through the “employer-paid” portion of the payroll tax — indirectly. Payments from employer-sponsored pension plans are funded for the most part by contributions from employers, interest and dividend payments from corporations and governments, and sales of securities to individual investors and other plans. As the baby boomers begin retiring, sales of securities to individual investors, primarily workers, will become far more important than they are today as a source of cash to make pension payments. Whether in the form of employer contributions or security sales, employer-sponsored plans will be tapping essentially the same source of cash as Social Security will: the working population.

The upshot is that Social Security and employer-sponsored pension plans are in the same boat. Both will float or sink according to the ability of workers to generate the cash to provide benefit payments to retirees, an ability that is in turn linked to the performance of the economy. Employer-sponsored pension plans cannot be prefunded any more than Social Security.

**Eric J. Klieber**

### IN MEMORIAM

**Esse D. Langston**  
ASA 1954, MAAA 1965,  
FCA 1965, EA 1976



June 1997

# The Actuary Supplement

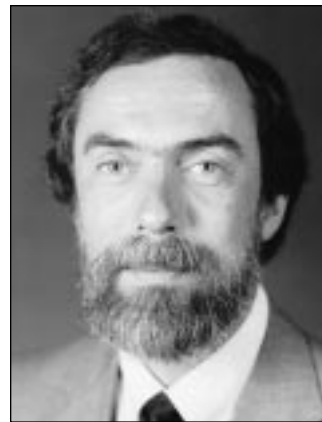
## SOA president-elect candidates address the issues



*James Reiskytl, FSA*



*Howard Bolnick, FSA*



*Curtis Huntington, FSA*

**A**gain this year, the SOA Committee on Elections and the June's issue's editor, Robert J. McKay, invited candidates for the office of president-elect of the Society of Actuaries to be interviewed by *The Actuary*. The candidate elected will serve as president-elect for one year and will be SOA president during the 1998-99 program year.

This annual service of *The Actuary* is intended to help Fellows become better-informed voters. These interviews offer insights that supplement the candidates' formal position statements, which will be published in election materials.

The editor selected 11 questions after considering many suggestions.

Soon after being notified that they were on the second ballot, the candidates individually arranged telephone interviews with Jacqueline Bitowt or Linda Heacox of the SOA Communications staff. Each interview was tape recorded. The same 11 questions were asked of each candidate in the same order. Candidates did not receive the questions ahead of time. Bitowt and Heacox were allowed only to repeat the questions, not to expand on or discuss them.

Each transcript, without the candidate's name, was sent to McKay, who

is also a member of the Committee on Elections. Without knowing the identities of the respondents, he edited responses for repetition. *The Actuary* staff was allowed to edit only for grammatical errors and sentence structure. Each candidate received a copy of his transcript before publication, but candidates were not allowed to change or broaden their answers unless they believed they had been misquoted.

*The Actuary* thanks all the candidates — James Reiskytl, Howard Bolnick, and Curtis Huntington — for their cooperation. They are featured here in the order used in the second ballot, which was randomly drawn.



### Question 1: Why do you want to be president of the SOA?

#### Answers:

**James Reiskytl:** I'm proud to tell people that I'm an actuary. I have found the profession to be interesting, exciting, and challenging; one can be creative and make a difference. I think the real answer to why I'm seeking the presidency is that others have done it for me, and they have done it very well. That's why: to attempt to add my piece to those who've done such a fine job ahead of me.

I believe that I have the experience and the knowledge gained from serving the Society in a number of ways on various committees and task forces. That combined with the experience I've had at Northwestern Mutual would enable me to provide leadership to meet the challenges and the opportunities that we face for the future.

Why would I want to take on this extra work and responsibility? Obviously, it's not only an honor, it's quite a responsibility. It's because I see many challenges and opportunities ahead for actuaries, such as new financial measures, improved accounting, and new products and ways to meet needs. From the investment side, there's dealing with a variety of synthetic assets, the impact on pensions, the privatization of Social Security, expansion of medical savings accounts — one could go on and on. I believe that I could do an effective job of leading the Society and work well with many other people who are experts toward solutions.

**Howard Bolnick:** Being an actuary has been a key part of my adult life. My actuarial training has contributed significantly to my business success and personal satisfaction. With the strong identification I've developed as an actuary, I've always committed myself to being involved in professional activities. I've brought to these activities task-oriented skills, leadership ability, and a strong interest in working with my colleagues that have served me well throughout my business career.

Over 25 years of successful participation in professional activities have

now brought me to this opportunity to run for president. Becoming president is the next and most important chance to return something to the profession for the enormous personal benefit it has brought to me.

**Curtis Huntington:** I've been involved in the SOA in a number of capacities for many years. I've had the opportunity to serve in both the education and research sides and have a fairly good understanding of the basic infrastructure of the SOA.

What I'm interested in doing is continuing on that base of knowledge and use that to work on better communications to members, providing more membership services, and acting on behalf of the profession in an outreach capacity to deal with publics, both domestic and international. I want to help the actuarial profession be recognized for the contributions it makes to society in general.

### Question 2: What, to this point, has been your most important contribution to the profession?

#### Answers:

**James Reiskytl:** That's a tough one to answer. I have contributed in a number of ways. First, I have been involved in writing two papers. I think this is our way of communicating and sharing our ideas, and I believe the papers have served that purpose. And second is participating in a variety of seminars and concurrent sessions, where we brought together key people and addressed current issues.

**Howard Bolnick:** Actually there are two. They have to do with my successive terms as vice president, first of the American Academy of Actuaries and, second, of the SOA. At the Academy, while I was vice president, I led the Health Practice Council. At the SOA, I led the Health Benefits Systems Practice Advancement Committee. My contribution was helping organize these two practice committees. With the support and effort of my colleagues, we took them from just getting off the ground, to getting health actuaries organized, thinking about strategies, and recruiting people for specific committees and tasks.

The biggest payoff from these efforts came when the Academy was called upon to react to President Clinton's Health Security Act of 1994. Because we were capably organized, the Health Practice Council was able to recruit 150-200 actuaries to produce 16 different monographs and to participate in White House activities surrounding the President's proposal. I think our activities put the profession in a very favorable light.

**Curtis Huntington:** Serving as general chair of Education and Examination Committee. After working for almost 16 years on various exam committees, I was given the opportunity of working with the entire E&E system at the time the flexible education methods and future education systems (the FEM/FES) was put into place. I had the opportunity to use my extensive experience in education to help come up with what we felt was a reasonable development of the E&E system.

Ten years later, we're now going through another modification of our E&E system. I believe the background I can bring, the historical background, the additional educational background resulting from my academic career, will assist greatly to help improve the system for the profession.

As a secondary activity, when I was SOA vice president I was assigned the research component. That gave me a real opportunity to get involved, almost from the start, in the revitalization of the research effort. That included the development of the systems, processes, and various activities we've been working on for the past few years, I believe with great success.

### Question 3: In your interaction with members during your professional activities, what issues do members say are most important to them?

#### Answers:

**James Reiskytl:** The three most important issues in my conversations with members are: first, the future of the profession — what is likely to happen, particularly in each of the major areas: health, pension, life insurance — and where the profession may

be going in the future as new uses are found for our expertise.

The second issue is education. Of course, the people most interested in this are people who are taking the exams, but there also are people who want to make sure the exams produce the type of actuaries we need for the future.

The third is research. Of course, this is one of the primary responsibilities of the Society. We must provide the tools and knowledge we'll need to meet our responsibilities in the future. Associated with that is that the meetings, seminars, and continuing education are designed to fulfill those expectations.

**Howard Bolnick:** The issues I hear about match well with the vision and activities of the SOA. Education, including changes in exams and increases in seminar activities, has a lot of interest among members with respect to basic and post-Fellowship training. Another area is the issue of professionalism. I hear members asking for the SOA to provide the leadership needed for the profession to remain viable and to support members as they grow in their day-to-day work activities.

**Curtis Huntington:** I hear members saying they are concerned about isolation from the SOA. They see the SOA as an important element in their basic education, but depending on their specialization, they soon find that either a Section or a particular branch satisfies most of their professional needs. They are concerned about the directions of the SOA as a whole. The pension community, for example, clearly has an interest level and direction of involvement different from that of a life or health actuary at a large company. It's important we find activities that fit under an umbrella the SOA would organize that would encompass the needs of all of us, the common denominators of all of our activities. That would give us an opportunity to work together on behalf of the profession.

I believe the Sections satisfy many of the needs of the individual practices. A lot of the practical continuing education so important to the modern actuary can

be satisfied by those Sections. But, I see the activities of Nancy Behrens' committee on continuing education as a golden opportunity for us to bring all these various Section activities and different groups back together on a common plane.

Another issue I hear about is the sheer size of the actuarial organizations. You go to a meeting and you don't know anybody. You're not sure why you're going to the meeting. You have difficulty in finding out pieces of information. Just the level of communications, the ability to get answers to questions is a problem.

Finally, actuaries who have an international perspective have some concern about how the North American organizations are organized. I'm a little concerned that with the multitude of organizations in North America, the mission of the profession in the international arena sometimes does not get the full weight it ought to have. And international practicing actuaries indicate this is a concern to them.

#### **Question 4: Does the Society leadership listen well to the membership? If not, how would you improve the link between members and the leadership?**

##### **Answers:**

**James Reiskytl:** I think the leadership does listen to the membership. With new efforts like Actuaries Online, there are more direct opportunities to do this. Obviously, when you say "listen to the membership," do they call people up and ask them what they should be doing or where they should be going? No, they don't do that, but I think they're very responsive when the membership wants to be heard. When the membership expresses itself, the leadership is ready to listen.

I think the Board and the staff of the Society office have a lot of opportunities to understand what the membership would like to do. But, you can always improve. Frankly, that's probably what this election is all about. You have to respond to change as it occurs, so we should seek improved ways to do that. Besides

Actuaries Online, another way is through surveys. We've done that from time to time on key issues. This was done on the changes proposed, and that are partly implemented, to education. Another way — and I would hope to move in this direction — would be our meetings and their effectiveness. We need to know more about what people expect from meetings. We need to understand more who goes to meetings and who doesn't go to meetings and why they don't go, because obviously that's one way of communicating. It's true that we have a lot of opportunities to write — in Section newsletters, *The Actuary*, all are ways of communicating.

So I think we're a pretty open society. We have the ability to express our opinions at meetings, through continuing education, and through the various Sections. I don't pretend to have the answers, but I surely would be interested in improving it if suggestions were made.

**Howard Bolnick:** Yes, the SOA leadership does listen well. Having been on the Board for many years, I know how much time and effort is taken to listen to members and to solicit their input.

That being said, we can always do better, because not all members feel they are listened to. The leadership always needs to keep in mind members' interests, to solicit their input in many different ways, and to take this information into account as we lead the profession.

In recent years, we've developed important tools to facilitate communications, e.g., the SOA bulletin board on CompuServe and the Web page. I personally find the electronic highway a wonderful way to stay in touch with members. I see members using it, and I would encourage them to use it in greater numbers and to participate in debates.

**Curtis Huntington:** SOA leadership, of course, is a difficult term to define. I believe the presidents and presidents-elect of the SOA have shown great willingness to listen. They have traveled extensively, visiting clubs,

participating in meetings, going to a variety of venues, providing ample opportunities to communicate with them in person. In addition, I've seen extensive correspondence from members who have taken the opportunity to write. If the leadership includes the Board of Governors, it seems to me that a number of our members are not even sure who is on the Board and therefore have some difficulty knowing who to communicate with.

I think we therefore need to have Board members spend more time in outreach programs to local communities and local clubs, and participating in seminars, hosting local activities. The members of the Board participate actively in governance of the profession, but they don't get a chance to go back to the members and talk to them and find out what's going on.

Finally, I think we need to make better use of the technology including the Internet, e-mail, chat lines. We need to communicate using the electronic media. Particularly given the fact that we have a significant body of our members who live outside the North American continent. For them, with time zone differences, with difficulties in mail deliveries, there are barriers to communication that can be overcome with the Internet. I know that when I am on one of my frequent visits to my family in New Zealand and I'm trying to communicate with the United States, the time zones make it nearly impossible.

**Question 5: If you are elected, what one issue or task would receive your greatest attention?**

**Answers:**

**James Reiskytl:** It's very difficult to find one thing to focus on when you have many interests. But if I had to pick one, I would pick continuing education. I believe this is the key factor to maintaining a strong profession. We have a fine beginning. But if I were going to focus on an area, it would be how to lay the groundwork to provide for even better continuing education in the future, so that we will be prepared to be relevant and meet the needs and the expectations of the public.

**Howard Bolnick:** My personal style is to have a short list. But the one issue that is the most timely, most needing attention right now, is improving organizational effectiveness.

I've been involved with the leadership for many years. We have a growing and active profession. But, I think we are at a point where we need to focus on how we can be more effective in getting the most important business of our profession done. This will be my number one priority during my term as president.

**Curtis Huntington:** Given the current developments in revisions to our education and continuing education programs, I would spend most of my efforts ensuring the changes that have been voted on to be implemented in the year 2000 are being developed with full membership input. They should adequately represent the diverse interests of all our members.

We are an education and research organization, so education is clearly critical in the development of our future members. It is something we use to attract members. It is something that we all go through, and changes in such a basic function need to be properly implemented.

**Question 6: What do you think is the greatest threat to the future of the actuarial profession, and what will you do about the threat if you become president?**

**Answers:**

**James Reiskytl:** I think the greatest threat to the profession is that we don't continue to change to be effective. My response here really encompasses the answers I've given so far — that we have to do the research, we have to be educated, we have to respond practically and factually to the issues that are there. If we do, we will continue as a profession — maybe not as the profession we know today, although I, for one, think there will be a lot of actuaries employed doing just what we are today — but facing different challenges.

When I first entered the profession many years ago, people said "Why get into the ordinary life business? They've

already solved all the problems." Well, it's been 37 years, and there are still challenges and opportunities and better ways to meet policyowners' needs. That's really what it's all about. As long as actuaries have the tools, as long as we continue to prove that we provide answers or analyses of use in making decisions, and as long as we focus not so much on the detail but on the ability to review, put it together, and then provide constructive, well-thought-out opinions, we will not become obsolete.

As to what I would do, if I were elected president, about this threat: I would continue to encourage research (I think the Foundation has some great opportunities to provide funding), encourage greater use of the universities to provide for the future, encourage continuing education. To summarize: keep doing what we have been doing and provide added impetus to it. I'm not looking for major overhauls, just increased emphasis on the fundamentals, so that we will be prepared for the future.

**Howard Bolnick:** It's complicated because I think there are three pieces.

First, there is a changing environment external to the SOA. There is massive change in the financial services industry, a blurring of lines between insurers and banks, change in the way health care is financed, and changes to public financial programs like Social Security and Medicare.

Second, we're seeing competition from non-actuaries for jobs. This, in part, is driven by institutional changes that are occurring because of environmental changes.

Third, we're seeing the development of new analytic tools that have not been traditionally part of the actuary's educational training. They are tools that come from the business world and business schools. They need to be incorporated into the ways actuaries do things.

So, we have a fluid environment. Institutions are changing; there is competition heating up for our jobs; and new tools have been developed. That means we have a tremendous challenge to develop and deliver the

research, education, continuing education, and professionalism we need to thrive in this changing environment.

The threats to the profession are well known to the leadership. There are many programs, many changes in progress and it's vital to continue doing those things. My number one goal of improving organizational effectiveness is, in effect, saying these are the things we have to focus on. Other things that aren't so vital to our future need to need to be made lower priorities. Then all our energies can be directed toward promoting the research, education, continuing education, and professionalism needed to address the threats that cry out for our attention.

**Curtis Huntington:** I think the greatest threat the profession faces is that we may become irrelevant. If we do not modify and change and adapt to modern times we may lose recognition of some of our core competencies by various publics.

I use the example of demography as a classic example of the past. Twenty years ago, demography and actuarial science were synonymous. In many parts of the world, Mexico, for example, they still are. In the United States today, no one who is a demographer would consider themselves an actuary. This is an area we lost because we didn't actively and proactively change and adapt to the changing circumstances. We need to ensure that cases like demography don't occur in the future.

In the leadership, we've identified several new activities. The one I think has the greatest potential to help is modeling. We ran a modeling conference in Atlanta last December. We brought in non-actuaries to talk about how modeling, stochastic and deterministic modeling, would benefit the profession. We came up with new types of problems and new solutions we can be looking at. We need only look at the U.S. Social Security system and the changes going on there to see the opportunities we have if we can develop the tools in our basic education and adapt them to solving today's problems.

We need to be proactive about this, not wait for people to come to us. We

need to go to them — show them what we can do to satisfy their problems.

What I would do, early in my term of office, is organize a conference. I would bring in a number of non-actuaries, a number of leading academics, as well, and have an open forum to discuss what the 21st-century actuary, for example in the year 2020, should be doing. I think the new education system design will give us some of those tools. But, I want to make sure it's not being driven totally by members of the profession and that we have full input from various publics. The danger we face as an organization and as a profession is that we may not be recognized by a number of different audiences in the future unless we continue our outreach program.

**Question 7: Do you think it's the Society's responsibility to create new employment opportunities for actuaries, or is it the responsibility of individuals and employing organizations, such as private companies?**

**Answers:**

**James Reiskytl:** I don't believe it's the responsibility of the Society to do this. I believe that's up to the individual and his or her own creativity. The Society's responsibility is education and research. It should provide the tools, the basics, the fundamentals. It's up to the individual, who, I sincerely believe, has the creativity. Each individual goes through the exam process to become an actuary. Each individual can use the same creativity needed for exams to reach out and find new uses for the knowledge and expertise they have.

Clearly, the Society can be effective in bringing interested people together to share ideas and to make employers or users aware of what we can do, but the long and short of it is, it's going to come down to individuals to find opportunities to use their expertise in a variety of ways the world finds useful and will pay for.

**Howard Bolnick:** Primarily, it's going to happen through the actions of individuals and employers. But, I think the SOA has a strong responsibility to

provide training (basic and continuing education), research to support training, professionalism, and public awareness that makes employers think of actuaries as the people to solve their problems. It's up to the individual employer; but a very strong supporting role has got to be played by the SOA.

**Curtis Huntington:** I do not believe it's the SOA's responsibility by itself to create new job opportunities. The question is interesting to me in one respect: there's no mention of the role of academic institutions. The universities and colleges are areas where we could use the resources that we have. We don't have enough academicians in the profession, but if we could make use of those we have, and develop multidisciplinary approaches, we would be able to develop students with new skills crossing a number of disciplines. The fact they would go into the interviewing process with these multidisciplinary skills would provide employers an opportunity to start hiring people who would be working in multifaceted and multi-dimensional tasks. One of the true successes we see in the universities today is taking people in math, economics, engineering, law, and business administration and developing a program that encompasses all of the subject matter of those areas but in the context of a broad liberal arts education. The result, I think, would be a group of candidates who collectively, by sheer force of numbers, and their own demands would create the new job opportunities.

**Question 8: What would you do to make the Society as inclusive as possible of members in all practice areas and geographic locations?**

**Answers:**

**James Reiskytl:** I wouldn't change anything. I believe we have an effective means to do this now through the Sections, through the various meetings, through continuing education, and through the opportunity for people to form new Sections for new interests as needs arise. From



my perspective, all practice areas have an opportunity to mingle and share ideas in the current environment. Again, I would hasten to add that we've always looked for ways to improve. If the question suggests we're not doing it well, I'd be open to hearing what the problem was and then attempt to deal with it.

As to being inclusive by geographical area, I think the one area where we might do something is the location of future meetings. I know they're set well in advance. We have had a certain pattern of meeting places. I would be responsive to members' interests, and if geography or location is a problem in any way to the effectiveness of the Society, I would be more than happy to address it, if it is practical to do so. In my conversations with members, I haven't heard either of these as being major factors.

For areas of specialization, there has been a long-standing opportunity to provide the best vehicle for the most effective communication, use of talent, and sharing of ideas. Some needs of interest groups are met through valuation actuary meetings, which of course is a part of the Society effort, or through other meetings through other organizations. My concern is not that we try to meet each of these needs but that the basic education, continuing education for people who have completed the exams, and the meeting format all provide the information needed. We don't have to be all things to all people, but we do have to do our best to do what we have said we will do.

**Howard Bolnick:** This issue seems easy, but in reality gets to the heart of our organization. I've dealt with it in the last year-and-a-half as a member of the Board Task Force on Governance. We have two tools available to us: one is established and successful, and one is still developing.

The tool that has proven its worth is the Sections. I'm very supportive of Sections. They provide a way for people with practice area interests, geographic interests, or any other specific interests to organize and get

resources from SOA staff and the profession. Sections are wonderful for the profession and I'd certainly want to see them flourish.

The question of adequate practice area representation at the SOA leadership level, though, goes beyond the Sections. The organization of practice advancement committees a number of years ago created a second tool: practice-oriented committees with high-level leadership responsibilities. The practice area committees go a long way toward raising the visibility of practice areas' concerns to the leadership level. I'm very supportive of them and their continuous growth.

**Curtis Huntington:** The Sections are clearly one of the vehicles available to assist in bringing us together. There are a number of committees, the Continuing Education Committee in particular, in which we now have representation from each of the Sections. That way when we're developing professional development programs, we have input from each of the Sections. It allows the Sections some independence so they can serve their own members' needs, but at the same time allows them to join collectively and participate in joint activities. It also gives us an opportunity to train members from one discipline by experts in another discipline.

With regard to geographic locations, as an international actuary, I'm concerned that we continue to provide adequate resources and support to members who live in far-flung parts of the world. We need to make better use of online communications devices, e-mail, and teleconferencing facilities so that we can allow members with an international perspective to be full and active members of the SOA. We have mechanisms currently being developed through the International Actuarial Association (IAA) and the International Forum of Actuarial Associations (IFAA) that give us the possible opportunity to enhance the international perspective. I was pleased last year to participate in the offer of the SOA as headquarters for the IAA council. That is now going to

be located in Canada, but in the presentation from the United States, I was proposed as secretary general if the organization had been placed in the SOA.

There's another dimension to the question that's not really asked but I think should be addressed. We should be looking at gender and minority recruiting issues as well. The SOA has done reasonably well in recruiting and maintaining well-qualified female members into a profession that was for a number of years a male bastion. We have been much less successful in our recruitment of African- and Hispanic-Americans. As the United States continues its progress into a multicultural society, we need to make sure the SOA reflects all the diversity in our country.

I'm not sure exactly what we should do here, but I do think this is an area that needs to be addressed and addressed with some force. It's not going to happen on its own. We are not going to get a significant cadre of minority members into the profession unless we take some very proactive stances. And I would spend some of my time as leader of the SOA searching out those opportunities with other professionals.

**Question 9: Is the SOA as involved as it should be in the debate on public policy issues? If it isn't, why not?**

**Answers:**

**James Reiskytl:** I think it is. I don't think it's the role of the Society to be in that debate. I believe that's for the Canadian Institute of Actuaries and the American Academy of Actuaries to address. They are to be the spokesmen on public issues.

That doesn't mean to say that I feel we're doing all we should to support these bodies in responding to the public policy issues. I believe it's the Society's role to provide the basic research, the basic studies, the basic analysis — whatever is needed — so those who are then presenting and debating the issues have the facts from an actuarial perspective from which to draw conclusions. From my perspective,

the Society's emphasis is on the fundamentals, and here there are many areas where we could be doing more.

There's a kind of a blurring of the role of the Academy and the Society in the United States, where the research role and the public policy role get combined. Everybody knows what their responsibilities are. Chances are we'll get to the right end.

If I were elected president, I would attempt to do what many others have tried to do, and that is eliminate some of the duplication that occurs among the various efforts, or to try to clarify the various responsibilities of each body. I think we could at least move toward reducing this overlap.

From the Canadian perspective, I think that to the best of my knowledge, this is a lot less of an issue, but clearly here, too, we should be providing our members with the needed underlying research, analysis — as I said earlier — to provide the necessary facts so that they can effectively debate the issues. Their relationship with their regulators, as much as I understand, is a very fine one, one that we could emulate in the United States.

**Howard Bolnick:** We have to start by drawing a distinction between the profession and the SOA. The profession should be heavily involved because we have something in our education, training, and skill set that can add to the debate. So I'm very supportive of the profession playing a significant role. The profession has chosen to create two organizations, the SOA and the Academy, and to assign to the Academy the primary responsibility for developing public policy positions and participating in public policy debates. I am very supportive of the Academy's efforts and, as I mentioned, I participated in the Academy making strides in increasing its effectiveness.

But the Academy can't do it all by itself. It needs to build on the research, education, and contact resources of the SOA. So the SOA needs to play an increased supporting role in the public policy debate and recognize that the primary role is the Academy's. I'm going to work with the Academy so that the

profession moves toward higher visibility and involvement in the public eye.

**Curtis Huntington:** I believe it's not as actively involved as it should be. I think the reason is because of Article X of the Constitution of the SOA, which sets up a formidable barrier to expressing opinions on behalf of the membership. By the same token, the diverse membership we have causes some difficulty getting a collective set of judgments that could be expressed publicly and that all of us would be able to accept. Here's an opportunity for us to make better use of the Sections and let the experts in those Sections express opinions on developments as they occur.

I know under the North American Working Agreement, the Council of Presidents has allocated the expression of opinion in the United States to the Academy of Actuaries; in Canada, to the Canadian Institute of Actuaries; and in Mexico, to the *Colegio Nacional de Actuarios*. But it seems to me that as a preeminent education and research organization, when there are fundamental actuarial issues at stake, there ought to be a more proactive stance on the part of the organization.

I would like to get a better feel, however, for the members' ideas about this. I think the way to do that is to propose a constitutional amendment involving Article X with an almost open agenda as to how it would be modified. In the process of discussing the constitutional change, we should solicit various straw polls from the members as to which direction it should go. This is a perennial issue, raised frequently, and the leadership may not be in tune with what the members would like to see happen. Before we progress too far, I would like to find out what the members themselves would like to see changed.

#### **Question 10: How do you view the role of the Sections?**

##### **Answer:**

**James Reiskytl:** The role of the Sections should be to focus on members' interests in that particular area. Obviously, you can be a member of more than one Section, because you can have multifaceted interests. I think the key is that the Sections are well-

equipped to deal with opportunities, challenges, and issues that exist in each area. They are the closest to them.

They bring together people of similar interests who have the best insights as to what might be done.

I also believe they are very effective in focusing on the research that might be needed and highlighting the changes that are occurring, including the latest developments, opportunities, and responses to regulatory bodies, rating agencies, and the public. That goes back to one of the earlier questions regarding listening to the members, responding to the members, what changes they're needing. Clearly the Sections have provided this input to the Board and served the members well.

There are areas where they could be improved, but it surely wouldn't be my role as president to do that. My role would be more one of encouraging them to continue to seek to improve.

**Howard Bolnick:** I served on the Health Section as chairman. That Section was able to develop and implement an agenda that responded to the needs of health actuaries. And I see other Sections doing the same thing.

This is very good. With all the activities going on throughout the profession and the SOA, the leadership often has a hard time focusing on the specific needs of a special interest group. Sections have been a source of vitality within the SOA. I'm very supportive of making sure they continue to fulfill this role.

**Curtis Huntington:** I view their role as vitally important to the success of the SOA. I admit, when they were originally established, I was somewhat hesitant to endorse the concept. I thought they might fracture the membership. I thought they might be detrimental to the future well-being of the SOA itself. I've come to believe, as a member of several Sections and an active leader in the International Section and the Education and Research Section, that Sections significantly benefit all of the activities of the SOA. In fact, I've mentioned them in my answers to several of the first nine questions.

### Question 11: Is there anything else you would like to add?

#### Answers:

**James Reiskytl:** When I got my Fellowship, we had broad training in many disciplines. I think that's a real strength of being an actuary, to have a broad understanding, exposure, and knowledge of many areas. The world is inclined to force one to specialize — valuation actuaries, illustration actuaries, health actuaries. I believe the actuary of the future will be most effective if she or he is very knowledgeable in a specialized area yet maintains a very broad perspective on the use of these skills.

I would hope that future generations of actuaries would have the opportunities that I have had to do a variety of work that's been both interesting and challenging, that the actuary will continue to have a very important role to play in senior management of a company, or designing and valuing benefit plans, or providing information to employers involving health benefits, or whatever it may be.

And those are just the more traditional forms. Today we think of other financial institutions and the many other applications which often were just ideas in somebody's mind. In a number of cases, actuaries have ventured out and have actually begun to serve in these new capacities. So I would hope we would resist being limited in our definition and instead be identified as people who have fundamental skills and abilities that can be applied to a variety of issues.

We should be known as professionals who'll have practical recommendations to minimize financial risks and to maximize opportunities for policyowners and shareholders. We should have an active role in supporting public debate on issues such as privatization of Social Security. And we should be active in dynamic financial condition analysis; here our Canadian members again have shown leadership and are reporting to their boards effectively on the overall operation. I view this as a responsibility

and an opportunity to identify and measure risks, which is one way to better serve and insure that promises in fact are met.

Another thing: I would hope to learn from the way the Mexican actuaries have worked with the universities in providing a larger future role for actuaries. I would like to study whether it might be useful for us in the United States and in Canada. I use this more as an example of ways that we can build on those who have done a fine job in the past, who have provided for us today, and that we in turn may continue to build that world for those who are just beginning.

One final personal comment: I have two sons, one who's an FSA and one who is about half-way through the exams. So although I feel a strong commitment to the continued efforts to make an actuary relevant and would appreciate the opportunity of serving as president if you were to elect me, I also have their interests at heart for the future. Thus I have an added incentive to keep the actuarial career as viable as it has been for me.

**Howard Bolnick:** When I look at my background, I feel well-qualified for the job of SOA president. I have meaningful experience with the profession both with the Academy and the SOA. I have meaningful business experience as the former president of Celtic Life Insurance Company. I have meaningful civic experience with organizations such as The Illinois Comprehensive Health Insurance Plan and a number of hospital boards. I have meaningful insurance industry experience through my membership with the Health Insurance Association of America and other industry organizations. I have meaningful educational experience through my current roles as an adjunct professor with the Kellogg Graduate School of Management at Northwestern University and as a Fellow of the Institute of Health Services, Research, and Policy Studies at Northwestern.

In all these experiences, my education and training as an actuary has been

a key to my success. I now find that I have the opportunity, the desire, and the time to devote to using these meaningful experiences to the benefit of our profession. I ask for your support with a vote for me as SOA president.

**Curtis Huntington:** I've worked on a number of committees within the SOA and on a number with other actuarial organizations in the United States, Canada, and the rest of the world. I would like to see greater cooperation at the education and basic research levels among the various actuarial bodies. I am past chair of the Actuarial Education and Research Fund (AERF) and currently its executive director. I serve as a trustee of the American Society of Pension Actuaries' Pension Education and Research Foundation. I would like to see some of the ecumenical approaches the AERF has been able to undertake brought to all of the actuarial organizations in basic education and research. I worked for a number of years in industry. It's been my privilege for the last four years to be an academician.

I have had the opportunity, therefore, to see both the beginning and the end points of an actuarial career. I'm excited by the opportunities available to my young students who graduate from the university today. I can see what interests and excites them. I'd like to be able to spend some time in a leadership role bringing my real world experience to bear on issues.

Finally, I'm a committed member of the international actuarial community as well. It seems to me, the future of the SOA lies not only with its membership in the United States and Canada but also internationally. I serve as the secretary and national correspondent for the U.S. Section of the IAA; I'm a member of the IFAA. As one of the largest actuarial associations in the world, the SOA has a rightful place at the world table. It's not clear to me that we have yet fully stepped up to the task that our size would warrant, and we have ample resources and opportunities to do that.