



SOCIETY OF ACTUARIES

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OPINION

The silent majority

by David M. Holland
1996-97 SOA President

As the largest actuarial organization in the world, the Society of Actuaries often is asked why we are not more vocal. Actually, it's by design. Article X of the SOA's Constitution provides that the SOA may not express an opinion unless it is first approved by a mail vote in which more than 50% of the Fellows respond and two-thirds of those voting approve the opinion. It is possible for an opinion to be expressed by the Board of Governors, a committee, or a Section, but even this is subject to authorization by the Board and other requirements. In today's world of electronic communications, mail votes and board authorizations are not exactly accomplished at the speed of light we now expect.

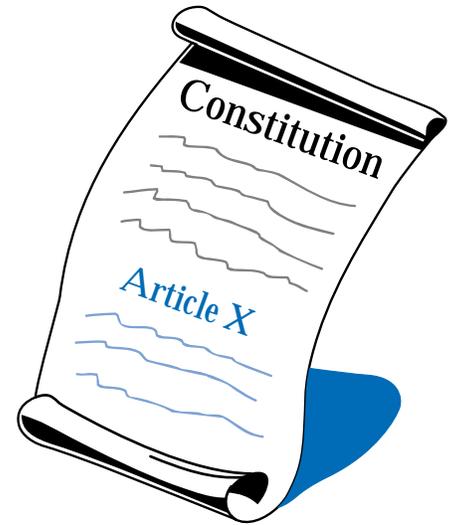
Speaking with one voice
However, this does not mean the profession is mute. A working agreement is in effect among a group comprised of the American Academy of Actuaries (AAA), the American Society of Pension Actuaries (ASPA), the Canadian Institute of Actuaries (CIA), the Casualty Actuarial Society (CAS), the *Colegio Nacional de Actuarios* (CONAC), the Conference of Consulting Actuaries (CCA), and the Society of Actuaries (SOA). (The Working Agreement document can be found on page 76 of the current Academy *Yearbook*.) One provision of the agreement says, "Each organization will endeavor to encourage the actuarial profession to speak with one voice in each country on actuarial issues in the public policy arena."

The CAS, CCA, and SOA have recognized the Academy in the United States, the CIA in Canada, and CONAC in Mexico as the organizations responsible for public policy representation.

The Academy and ASPA have agreed to coordinate statements on U.S. public policy pension issues. As a practical matter, this means that the business of expressing opinions on public policy issues rests mainly with the national bodies (whereas the SOA is an educational, research, and professional organization with an international membership).

Actually, I am envious of the position enjoyed by the CIA. The Canadian Parliament passed an Act granting incorporation to the CIA, setting out its purpose, and giving certain powers to the CIA and its council. It also defines the actuary in Canada as a Fellow of the Canadian Institute of Actuaries. Of the FSAs who reside in Canada, 97% are also FCIAAs. In absolute terms, only about 43 FSAs in Canada are not also FCIAAs. With the CIA, the actuarial profession in Canada is far from mute.

The Academy has not enjoyed the same level of recognition and support in the United States as the CIA has in Canada. The states recognize Academy members for certain actuarial responsibilities, but the Academy does not have a federal charter. Also, SOA member support for the Academy could be stronger. Of the FSAs who reside in the United States, only 89% are also MAAAs. Of the ASAs who reside in the U.S. and are eligible for membership in the AAA, approximately 68% are also MAAAs. In absolute terms, the AAA is missing 664 FSAs and approximately 1,740 ASAs who reside in the United States and are eligible to join. Benefits of the Academy
I believe it's important for Society members who practice in the United States to be members of the Academy. A study last year of its membership



identified several ways the Academy benefits the profession:

- Actuarial standards of practice and qualification standards
- A single and coordinated voice representing all U.S. actuarial practice areas to public policy makers, the media, and the public
- Representation before legislators, regulators, and the courts
- Liaison to other professions on behalf of the actuarial profession
- Promotion of new practice areas
- Public relations services
- Identification of public policy research topics
- Encouraging conformance with professional standards, including activities of the ABCD
- Building credibility with public policy makers
- Education of the public concerning actuaries
- Coordinated operational activities for the profession

The work of the Academy is divided into six Practice Councils — Casualty, Financial Reporting, Health, Life, Pensions, and Professionalism. The Practice Councils are each headed by a vice president and have identified a small number of key issues and a broader set of ongoing priorities that they monitor at the federal and state level. Key issues include topics such as genetic testing, nonforfeiture modernization, Medicare reform, health care entities that assume risk, Social Security solvency, and tax reform's impact on employee benefits.

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Virtual mentors and role models needed

A joint project of the American Mathematical Society (AMS) and the Society for Industrial and Applied Mathematics (SIAM) has asked for the Society of Actuaries' help in securing nonacademic actuaries as mentors for recent graduates and for students in a master's or doctorate program in mathematical sciences.

Volunteer mentors are matched with appropriate students and stay in touch for one year answering e-mail messages on the work environment in

actuarial science, job and internship opportunities, interview and resume tips, and recommended course work. Several students have expressed interest in actuarial science, but few actuaries are involved in the program at this point.

In addition, this project's Web site (www.ams.org/careers/) needs career profiles provided by actuaries for site visitors to learn something about actuarial careers. They are looking especially for profiles from those who graduated

within the past five years.

For more information on how to encourage a future actuary through this project, prospective mentors should contact Cecilia Green (phone: 847/706-3561; fax: 847/706-3599; e-mail: cgreen@soa.org). Although registration is available on the Web site, those interested also should contact Green so that the SOA will know of members' interest in this mentoring project.

Actuary uses skill set (continued from page 9)

learn about a lot of things — and, more importantly, how one thing affects another. Also, the actuarial profession tends to attract people who have a great deal of curiosity. They want to learn things, to know about things, and to use that knowledge.”

Technical skills are important, too, McCall said. “They allow actuaries to understand the system. I think it's terribly difficult to be an effective manager today without the ability to understand how things fit together at a comprehensive level.”

However, moving beyond the individual contributor role to management

and, eventually, to executive leadership requires a broader perspective than even the most difficult actuarial work can provide, McCall said. “What has been especially important for me is that my career has been a synthesis of underwriting, actuarial, sales, systems, and service, where I have had to understand how different areas impact one another. This role [as Humana's CIO] brings it all together. I view it as a once-in-a-lifetime opportunity.”

Observed McCall, “A major strategic question for every company today is how to align their technology and their partnerships. If you try to use the tech-

nology first before you've discovered the partners' real needs, you will fail. In too many situations, health care companies and providers are seen as adversaries. But the relationship should not be an adversarial one.”

McCall will direct her skills toward a number of activities for Humana. “Two key areas of emphasis for the company this year are customer focus and provider relations,” she said. “Success in each of these areas depends on developing and using key information strategies that will help us realize our overall goals.”

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Case in point:

Kassebaum-Kennedy The Academy is not a lobbying organization. It attempts to provide an unbiased, professional analysis of actuarial issues involved in major public issues.

It has played a major role in the health care debate in general and in the Kassebaum-Kennedy legislation in particular. Last year, it appeared that Kassebaum-Kennedy was hopelessly stalled in committee. I understand that it is quite unlikely that anything would have happened had not Senator

Kennedy called the Academy. At a command performance before the senator, Bill Bluhm, the Academy vice president for health practice and an SOA board member, discussed the implications of this bill. Following that meeting, Senator Kennedy called for a vote, and the bill subsequently passed Congress. Academy representatives were invited to the White House for the signing of the bill into law. The actuarial profession is far from mute. Our voice is heard on the Hill, within the administration, and by the NAIC

and state regulators.

If you are not already a member of your national organization, I urge you to call, fax, phone, or e-mail right away for a membership application. Also, you can make your voice heard in the SOA by participating in its education, research, or professionalism activities. David M. Holland is president and chief executive officer at Munich American Reassurance Co., Atlanta, and can be reached by e-mail at 72277.2602@compuserve.com.