



SOCIETY OF ACTUARIES

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Presidential address

Facing challenges to make SOA mission and vision a reality



by Anna M. Rappaport
1997-98 President
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During 1996, as president-elect and chair of the Strategic Planning Committee, Dave Holland focused on building a new mission and vision statement. In 1997, the Strategic Planning Committee, which I chaired during my term as president-elect, focused on making the mission and vision a reality.

In particular, we emphasized, first, trying to better understand actuaries and their customers and, second, identifying critical success factors for the profession. We felt it was important to look at the key challenges both our customers and the profession face to help set priorities and allocate resources for future programs.

The challenges ahead

Some key challenges facing our customers are:

- Demographics and the affordability and structure of retirement programs and systems
- Globalization of the profession, consulting firms, the insurance industry, and business in general. Today, 25% of our members are employed in 20 large consulting firms, all of which are multinational.
- Insurance industry consolidation, concerns about solvency, new competitors, and a blurring of life insurance and investment products. The foundations of traditional individual insurance are challenged as risk classification is further questioned.
- Restructuring of the health care industry, with the growth of integrated delivery systems and managed care and the emergence of new risk takers. Lines between delivery and risk assumption have blurred.
- Competition and consolidation among consulting firms
- Changing corporate cultures that create challenges for employee benefit plan sponsors

Some of the challenges facing the Society of Actuaries are:

- Broadening the scope of actuarial science
- Helping actuaries maintain and add value with traditional employers
- Building an identity with potential new customers
- Reinforcing professionalism and ensuring that members understand what it is to be a professional
- Competing with other professions
- Declining prevalence of defined benefit plans

How do we implement the mission and vision?

This year, remaining cognizant of these challenges, the Strategic Planning Committee asked practice area representatives to examine the new mission and vision and identify how to apply it within their areas. Each practice area examined its response to our core functions: education and research. They then focused on these functions in their individual planning process.

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SOA mission and vision (continued from page 1)

In some practice areas, only fine tuning of current activities is required. In others, however, such as finance and investment, greater challenges exist. For example, the mathematics used today to price financial products is much different than the mathematics most of us learned a few (and more than a few) years ago. In fact, the change is major, and it will be a substantial challenge to learn and apply it. The new text *Financial Economics: With Applications to Investments, Insurance, and Pensions* will be an important tool in this educational process. The finance and investment practice areas will also be developing continuing education programs to help members bridge this gap.

Actuarial employment in key market segments

While practice area representatives were developing their strategic directions, the planning committee also looked at several segments of actuarial employment, including large consulting firms, life insurance companies, the health care industry, small consulting firms, academia, and regulators. Our intent was to focus more specifically on the needs of different market segments among members. This research, which will provide ongoing market analysis, will continue under a new Market Research and Analysis Committee, chaired by Jay Jaffe.

Our early research indicated:

- Some larger organizations in industries actuaries traditionally serve are low users of our expertise. We will be conducting additional research to determine why.

- Consultants are split between very large and very small firms, with little in the middle. We are focusing on understanding the needs of both SOA member segments.
- Recruiting the right people into the actuarial profession is a major concern among employers. We will conduct a feasibility study to review different recruiting strategies for the profession.

To realize the vision of actuaries being recognized as the leading professionals in the modeling and management of financial risk and contingent events, the Society of Actuaries also needs to focus on doing the right things effectively. To this end, two additional activities were initiated over the last year. A task force assessed our research effectiveness, and it will complete its work shortly. Secondly, a consulting firm that specializes in association management reviewed our operations and compared them to best practices in similar organizations. The Board of Governors will use the information collected from these initiatives to improve overall effectiveness. We will also solicit input from both members and users of actuarial services.

A plan for 1997-98

Work on both basic and continuing education is well underway. In addition, this next year I plan to emphasize the following:

- Bring even more life to the mission and vision. This is the basis for our practice area plans.

- Continue market analysis. It is important to look at both existing customers and larger organizations in our traditional areas of practice, particularly those companies offering insurance or health care that are not large users of actuaries.
- Further develop multidisciplinary joint ventures with other professional associations and academia, including facilitating the exchange of ideas between academics and practitioners.
- Increase our focus on technology and its use to support our activities.
- Help actuaries become more effective in serving customers' needs.
- Determine whether there are different things to do for pension actuaries. This group, more than others, is served by multiple organizations. While we will not focus on reorganizing the profession, we want to rationalize service to pension actuaries and ensure that they are well served.
- Review how our services meet the needs of Canadians.
- Further develop support for actuaries outside North America.
- Seek opportunities to increase our effectiveness in everything we do.

Last, but certainly not least, I plan to listen to the membership and work hard to meet your needs. I am delighted to have this opportunity to serve as president. I look forward to working with all of you.

Editor's note: A story discussing the SOA strategic plan in detail will appear in the February issue.

The right thing to do (continued from page 2)

necessary to help manage an indexing system for benefit retirement ages if such indexing is chosen to help stabilize the ultimate costs of defined benefits in a social security system.

Editor's note: We welcome Richard Schreitmueller as an assistant editor of The Actuary beginning with this issue.

He was a 1994-97 SOA board member, served as 1991-96 editor of the American Academy of Actuaries' Enrolled Actuaries Report, and served on many SOA committees.

Dick brings to the assistant editor role more than 30 years' employee benefits experience in insurance, consulting,

government, and teaching. Most recently, he was director of regulatory and legislative services, Aon Consulting, Baltimore, before his retirement at the end of 1997. His role included writing and editing articles for publication.