



SOCIETY OF ACTUARIES

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Challenges and solutions for Canada's profession are mirrored in other countries

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The actuarial profession in Canada is facing significant challenges, the resolution of which will present the profession with excellent opportunities for the future. These challenges are not unique to Canada and are driving actuarial organizations worldwide to reconsider the future of the profession.

Our role in the business world and the employment of actuaries are major concerns. Changes in the pension industry and the current consolidation in the life insurance industry have reduced the number of traditional job opportunities for employee benefit and life insurance actuaries. Though the current and medium-term demand for casualty actuaries is strong, the sense is that, long-term, rationalization will occur in the P&C industry too.

Concurrent with consolidation, the entry of banks into the insurance market is creating more employment opportunities in traditional areas. Opinions differ on whether the net effect will be a decrease in the number of traditional actuarial jobs or simply a stabilization. Virtually no one believes the demand will increase. Recognizing value, preparing for the future. The positive side of these developments is that they have forced the profession to look beyond its current universe. We're recognizing that contemporary

actuarial skill sets are a subset of general risk measurement and management technologies — which means a wider applicability for our skills in the business world. This recognition has led the North American actuarial bodies into another challenge: to redefine the education and professional development systems to prepare future actuaries for this wider range of opportunities. The Canadian Institute of Actuaries (CIA) strongly endorses and supports that effort and is working closely with both the Casualty Actuarial Society and the Society of Actuaries to redesign the relevant structures. The CIA also has created a task force to make recommendations for expanding the profession into nontraditional areas.

Because of globalization, the CIA has made efforts to increase its international presence and participation. The CIA, subject to due diligence, is scheduled to assume responsibility in January 1998 for the secretariat of the International Actuarial Association and its new section, the International Forum of Actuarial Associations. The CIA views this function as an important step in bringing the North American and foreign actuarial bodies closer together. Considering the globalization of the business world and the commonality of issues facing actuarial organizations, working together and sharing ideas with organizations that

are rich in intellectual capital are major advantages.

Greater status brings need for adjustment

Within Canada's borders, the profession has improved its status but now faces the challenges growing from our greater visibility and importance.

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- Members reacted negatively to a proposed consolidation in the standards of practice. As a result, they have been sent back for a fundamental rewrite. (Canadian members are not perfect by any means. They did not speak until the last minute, though they had several opportunities to comment on preliminary drafts.)
- A survey will be conducted in 1997 to determine membership views on key issues.

Let's contrast that with SOA participation in two key areas.

First, fewer than 40% of Fellows voted in last year's Society elections. The good news is that for the first

time in four years, the percentage of Fellows voting increased from the previous year.

Second, fewer than 5% of members responded to a recent survey providing feedback on the proposals to fundamentally alter the way actuaries are educated by the SOA. Though members weren't prompted to respond with a followup communication or offered an incentive and, granted, most have completed the E&E process, one would expect a larger response to an issue central to the actuarial profession's future.

With a membership about five times larger than the CIA's, the Society can speak with a very influential voice —

a voice that needs input from many more SOA members. Institute members are doing their best to help drive our profession into the future. SOA members should show a similar active interest in the high-level concerns of the profession. Who knows; one small voice — yours — could spur ideas that, if implemented, could make a significant contribution to the new SOA mission.

The alternative is to become a savvy group of individuals with no collective vision or direction. I think that if we ask ourselves whether this is the way to face the 21st century's challenges, the answer will be "No."

Challenges and solutions (continued from page 1)

Today, the role of the appointed actuary is recognized in insurance legislation, and our responsibility to the public is reflected in our guiding principles. These developments are relatively recent, so we are actively engaged in adjusting to the changes this recognition has brought.

The profession's heightened public visibility in Canada requires we fully demonstrate our integrity, and the CIA's metamorphosis to its new status has caused pain. Almost a decade ago, the CIA began to consolidate its standards of practice. The project has been resource-intensive and complex because of the ever-changing business environment. Though this project is taking shape, it is a moving target and requires constant vigilance. Consequently, one vice president and several councilors of the CIA have been dedicated to bringing this project to completion.

As the profession matures, the CIA is strengthening its discipline process, resulting in an increased number of discipline cases and expenses. These

dramatic changes to the discipline process — coupled with the introduction of rewritten standards of practice — have raised concerns among the membership. In response, a task force is reviewing every aspect of the discipline process and will make recommendations for improvement. A membership survey to be completed in early 1997 will help us ascertain the full range of issues and provide more guidance regarding how the membership thinks they might be addressed.

Active in public debates
To help in the CIA's continuing effort to raise awareness of the value actuaries bring to society, the CIA has actively participated in the public debate on social issues, such as the financial health of the Canada and Quebec Pension Plans, Worker's Compensation, and health care management. Early in 1997, the CIA will co-sponsor a seminar on pension issues with two other Canadian organizations. We hope to demonstrate that the actuary can provide strategic input into the social adequacy of financial structures

and offer creative solutions to problems, in addition to performing the financial calculations.

The CIA has a full agenda as it tries to meet the demands of an increasingly complex business world. Its June Council meeting will add an extra half-day to address its membership survey results and the task force on discipline's findings and to begin to allocate our scarce resources to those issues that have the most important implications to the profession.

The outlook for the actuarial profession worldwide is extremely bright. Actuaries have the intellect and creativity to find ways to expand beyond the traditional roles. I have no doubt we can succeed — and enjoy the process along the way.

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