

**TRANSACTIONS OF SOCIETY OF ACTUARIES  
1951 VOL. 3 NO. 5**

**THE ACTUARY'S RESPONSIBILITY**

- A. Should the Society appoint permanent standing committees or organize groups of its members to study particular phases of federal and state social insurance plans, to report their findings at convenient intervals, and to suggest what other actuaries might do to keep up to date with developments?
- B. How can the Society of Actuaries be of greater usefulness to its younger members?

MR. J. C. DAVIDSON remarked that the informal character of the various actuarial clubs in the United States and Canada made them a better medium through which to discuss the various phases of social insurance plans. He recalled that the Canadian Association of Actuaries recently appointed a committee to provide a factual survey of this subject, for members' information only, expressing no opinion as such, but providing a basis for conscientious answers to related problems. (Some ten years ago a similar committee was appointed to study expenses and related matters, the report on which proved to be of considerable assistance to companies in their own expense studies.) He suggested also that an actuary who is an expert on social insurance might write a paper on all aspects of the subject, which could be discussed at one of the regular meetings. Still another approach would be to have a forum of experts who would discuss the subject at one of the Society's meetings.

He noted in regard to section B that in recent years there has been a substantial increase in membership and attendance at the meetings, and that it is increasingly difficult to become acquainted with fellow members. He suggested that perhaps the noon luncheon on the first day of the spring meeting should be changed to an evening dinner, with a reception, to provide a more informal gathering with more opportunities for meeting the members and discussing actuarial problems. He also proposed some publication less formal than the *Transactions*, possibly six times a year, composed of articles or papers of general actuarial nature or of interest to some groups of actuaries, which would not be suitable for the *Transactions*, news of interest from the various Actuarial Clubs and reports of their meetings, news of the members themselves, such as promotions and changes in titles, a section devoted to questions and answers faced by members, and a section devoted to students' problems and their solutions. Young actuaries would be better able to contribute to such a publication than to the *Transactions*.

MR. J. C. MAYNARD felt that the Society's chief duty to those of its members who are still in the student stage is to assist them to pass their examinations. A great deal of study and effort has been put into the setting of syllabuses, the preparation of reading material and the conduct of examinations, all of which he regarded as coming under the heading of the rules of the game. As to playing the game under these rules, he was concerned about the preparation for examinations, and suggested an exchange of ideas on such subjects as methods of cooperation among students in study groups, the absence of regular study groups for isolated students, and their inability to get information on some topics. He was also interested in the form of preparation most effective for the new types of examination for Parts II to IV. It might further be advisable to devote part of the program of the Society's regular meetings to an informal session for fellowship students.

The Society's duty to newly qualified members, he said, is to make them welcome and active in fulfilling its purposes. This may not be so easy now because of the greatly increased membership. However, with increased size there is the opportunity for increased scope of activity; for example, special committees for study of social insurance and other topics. It appeared to him that the greatest help from the Society would be in making the younger members of greater usefulness to the Society, and he recommended that the meetings of the Society be planned so as to include opportunities for as much social contact as possible.

MR. E. B. LANCASTER and MR. J. C. SIBIGTROTH offered joint comments bearing on the continued education of the young actuary in the years following his completion of the examinations. They suggested that the Society help members keep abreast of current developments in the expanding field of the actuary by periodical distribution of brief résumés covering recent developments with regard to major topics of general interest, similar to the notes on the South-Eastern Underwriters decision, the notes on Federal income taxation as applied to life insurance companies and the notes on recent developments in group insurance, all of which are distributed to those studying for the Fellowship examinations. Examples of such material that might be prepared for future students and also be of sufficient general interest to warrant distribution to the entire membership or to the younger members are a digest of the New York expense limitation law and the new law after it comes into being, and a brief story covering the latest developments in Federal income taxation of life insurance companies after the matter has crystallized into law. They also suggested that some arrangements be made to help the actuary keep up with developments in the field of federal and state social insurance plans

through the preparation of objective, factual digests of new laws. They pointed out that, while a legislative body is considering a social insurance bill, a large volume of material usually appears in the insurance and public press, and it is sometimes difficult for a person who has not followed every step in the legislative arguments to know precisely what has finally become law.

MR. A. G. WEAVER pointed to the high proportion of present membership which has attained that status in the last five years—nearly 400 Associates or approximately one-third of the present enrollment. Their continued progress as actuaries will depend upon the assistance and guidance provided individually and collectively by the more experienced members. First, it seems desirable to provide every assistance in the placement of members; this would involve the active solicitation by the Society of listings of actuarial vacancies as they occur and the periodical notification to all members regarding such vacancies. He also felt the prestige and standing of actuaries would be enhanced if their sphere of activities were extended now beyond the confines of the insurance industry, quoting Past-President McConney on this point. If the younger actuary is to venture into uncharted areas, he must be encouraged to do so by the older members. The Society can be of assistance by setting up study committees to explore such extensions into governmental, industrial, and research fields.

MR. WILLIAM BREIBY philosophized on his own reaction upon reading the 1950 annual report on the Social Security Administration. He told of the bright colors in which it painted the future; he contrasted the two arguments: first, that Social Security was needed at the outset because the country was so highly industrialized, and second, that it should now be expanded to include farmers because their areas are not industrialized; and he touched on the other benefit areas into which Social Security is recommended to be spread. It was his hope that we might return to a realistic foundation for our consideration of the system and that the illusions with which it has been surrounded might be dispelled.

MR. R. A. HOHAUS questioned whether the Society should set up committees to keep actuaries posted on social insurance plans. He pointed out that actuaries feel that their profession is uniquely qualified to act as expert and adviser in important aspects of social insurance. This view is shared by at least some in legislative and governmental bodies and the general public. That places a serious responsibility upon us. The appointment by the Society of standing committees might come to mean that we would shed our personal responsibilities to do something as individuals. A Society committee probably would be a duplication of what is already well in hand in other committees of which actuaries are members.

What is really needed is a continued stimulus to interest ourselves actively in social insurance as individuals.

He pointed to the activity of individual actuaries in the study and deliberations leading up to the Social Security Act as originally enacted in 1935, and its two subsequent major revisions, and to the fact that papers and discussions on the old-age and survivors' plan are a regular part of our professional journals. New Fellows are actively interested in the subject. Formal activities by the Society, such as standing committees, would not stimulate further the type of widespread individual thinking which is essential to and characteristic of those activities. The Program Committee can continue, as in the past, to have social insurance an important part of our discussions, to sponsor forums or panels from time to time, and even to suggest papers on particular aspects.

Another important field is cash sickness and health insurance, but here, too, there is substantial contribution by individuals in the profession and no apparent need for formal action by the Society.

The third major area of social insurance is unemployment insurance, and there the record of individual interest, except in Canada, is not as good. In the United States, unemployment insurance is provided by plans set up by the respective states. Many of its aspects and problems are similar to those in group term insurance. It should not take much time and study for an actuary, active in group insurance, to be of great assistance to legislature, the state administrative agency, employers and employee groups. It is an intriguing field, and many more than the few who have done so should interest themselves in it.

MR. G. W. K. GRANGE endorsed and supplemented the foregoing remarks, pointing out that the unemployment compensation field, with its large measure of state autonomy, permits wide experimentation which must be competently planned, guided and evaluated. No one probably is better qualified for such activities than those who have been subjected to actuarial discipline, especially if they are also versed in social and economic matters. The primary factor in deciding between the various plans, proposals, theories and arguments put forward in this field should be the sort of close analysis of the available data that actuaries are equipped to make. Yet one searches the published literature in vain for any really penetrating probe, by an actuary or anyone else, of the masses of data that undoubtedly exist. There are important lessons to be learned from the analysis, comparison and coordination of the varied data, amassed over some 14 years as a result of 51 different experiments, in regard to coverage, benefit formulas, qualifications for benefits, and methods of financing. This is the sort of activity in which actuaries are supposed to revel.