

The Actuary

SOCIETY OF ACTUARIES 1997-98 YEAR IN REVIEW

1997-2000
Reaching
Out to
Make a
Difference

The Actuary

The Newsletter of the Society of Actuaries

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Membership Statistics Nov. 1, 1998

Membership, Nov. 1, 1997

Fellows	8,222
Associates	8,189
Total	16,411

Increase through:

Examination	156
*Election	24
Reinstatement	47

Decrease through:

Death	60
Withdrawal	369

Membership, Nov. 1, 1998

Fellows	8,401
Associates	7,808
Total	16,209

**Fellows of the Institute of Actuaries (England), the Faculty of Actuaries (Scotland), and the Institute of Actuaries of Australia may be elected Associate members of the Society of Actuaries upon review of their applications.*

January board meeting open to all members

Interested Society members are welcome to attend the SOA Board of Governors meeting Jan. 12, 1999, at the Sheraton Gateway Suites, Rosemont, Ill. Minutes of board meetings are available by request and on the SOA Web site (under General Libraries at www.soa.org). For more information, call the SOA office at 847/706-3500.

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PRESIDENTIAL ADDRESS

Reaching out to make a difference



by Anna M. Rappaport
 Address at the Annual Meeting
 Oct. 20, 1998
 New York, N.Y.

It has been wonderful to serve as your president in these exciting times. Never before have the issues on which actuaries are experts been so important to society.

This meeting marks the beginning of the SOA's 50th year, but the organized profession dates back 150 years to Great Britain. I'm proud to say that throughout that time, actuaries — as individuals and as a profession — have reached out and have indeed made a difference.

Actuaries and the Society of Actuaries have been influencers of, and participants in, major societal issues. By forming relationships with other influencers, we can increase our impact both inside and outside the profession, leading to important changes for the coming years.

Granted, our traditional role has been to support financial security systems. But we are working to build an expanded presence in the future — a presence that encompasses our tradition and adds to our scientific knowledge base.

In our mission and vision statement, we acknowledge that our organization is dedicated to serving the public and Society members. Furthermore, we state that the "vision of the Society of Actuaries is for actuaries to be

recognized as the leading professionals in the modeling and management of financial risk and contingent events."

The actuary's multiple roles. Because we are a multifaceted profession, we are required to fill many roles.

First, and most importantly, we are scientists. By creatively applying our science in various environments, we help maintain financial security systems. In addition to our role as scientists, we are advisors and financial managers. In playing these parts, we protect participants, that is, those people covered by financial security systems. Some would even say we act as regulators. In all these roles, we are required to be professional, innovative, and true to our science.

It is our responsibility to recognize the implications of our work for all stakeholders and to understand which stakeholder we are representing. Often, we are balancing the interests of different stakeholders.

I'd like to take a few moments to examine each of our roles from my perspective, beginning with the actuary as a scientist.

In this role, it is critical to focus on innovation and the application of traditional methods.

To build our science, the Society over the years has focused on research and relationships with academia. While we have made great progress in these areas, we still need to do more with research.

We are increasingly recognizing the value of multidisciplinary efforts. In doing so, we have found that relationships with other professions and organizations are key to our future success. In fact, those relationships serve as enablers by generating diverse ideas as we apply our science in different ways. They also lend our work credibility that goes beyond that provided by our qualifications and

give actuaries and their contributions visibility beyond our professional borders.

It is in this kind of collaboration that new applications of our science will be developed. Last year, for example, in our social security mortality projection research, we forged relationships with scientists in several different disciplines, including biology, demography, and economics. The diversity of perspectives and open exchange of ideas enabled all participants to more richly study the matters we were examining. Another example is an upcoming research conference on fair value accounting to be conducted jointly by the SOA, New York University, and LOMA. The science and theory of fair value accounting are being developed, and our relationships will make it easier for us to influence emerging accounting practice. This research should help us develop our science and also help the American Academy of Actuaries in its relations with the accounting profession.

Of course, research occurs in universities, and good relationships with institutions of higher education are vital. SOA members in academia are creating new tools that will change and expand actuarial contributions in future decades. For example, in the finance practice area, emerging methods of measuring and evaluating risk are being studied intensely in academic institutions (as well as in private companies). For obvious reasons, this work is very important to a variety of financial organizations.

Another part the actuary frequently plays is that of advisor. Here again, a major key to success is the relationship between the advisor and party or parties receiving advice. Developing trust and confidence is essential to facilitating the dialogue required in this role, in large part because of the nature of advice in an era of tremendous flux.

(continued on page 4)

Presidential address (continued from page 3)

Actuarial science is not always so well defined that clear, single answers to problems are readily apparent. Today, when the environment in which financial problems exist may frequently change, innovation and professional judgment are increasingly important. There are often trade-offs among alternative strategies — trade-offs that affect various stakeholders differently. The actuary, however, is well trained to provide insights about the likely consequences for stakeholder groups, so it is critical that the relationships between actuaries and those they advise are strong enough to allow actuarial advice — and therefore the views important to stakeholders — to be heard.

Unlike many other financial professionals, the actuary also has a role in protecting participants. For pension actuaries, this responsibility is very clear, in that ERISA requires the plan actuary to act on behalf of participants. Some also view this as a regulatory role for actuaries. The role of the valuation actuary or appointed actuary requires a different point of view than simply applying science to support the needs of a single stakeholder. The actuary who signs the statement for an insurance company also protects participants by focusing on the adequacy of reserves.

In fact, one of the things that has differentiated us as a profession is our responsibility not only to our employers but also the people covered by the financial security plans our employers offer or regulate.

The last role I would like to discuss is the actuary as a financial manager. Our models can be used for careful budgeting and for solving financial problems in many settings. In fact, the British Institute of Actuaries highlights this in its 150th anniversary theme, “Making Financial Sense of the Future.”

As a profession, what we bring to the role of financial manager is a unique focus on uncertainty and risk, a longer-term perspective, and an emphasis on and understanding of multiple interests.

In filling these many roles, the actuary is the glue that binds people, ideas, science, and creativity. For example, the actuary working with a financial system needs a broad perspective on how that system operates. An actuary in that role frequently is the person most knowledgeable on how systems fit together. In life and health insurance, the actuary must not only understand design, pricing, financial management, underwriting, marketing systems, legal requirements, and

administration but also how they fit together. Actuaries are also ideally suited to help interpret issues among multidisciplinary team members. Specialists who are not actuaries often focus on a single area, and generalists may not have a good view of how finance interacts with other areas.

Once again, our relationships enhance our value, since they increase the chances that we can play a broader role in solving financial security problems.

Finally, there is one other relationship I’d like to mention because it sets us apart as a profession: We are the people behind the numbers for many financial security systems. Not many professionals can lay claim to this. While not necessarily a direct relationship, it is one we have with most people and it impacts their lives, yet it’s an invisible role to many of them.

We have a sense of obligation and professional responsibility to be proud of. As we play out our these roles today and tomorrow, we encounter opportunities and face challenges.

Enhancing future opportunities We will enhance our opportunities by building relationships with other professions and disciplines to resolve societal, financial, and business challenges. This requires attention on an ongoing basis.

As a profession, we must think carefully about the individuals and organizations with whom we want relationships. We need to identify the right people, initiate and then regularly maintain contact, and build mutual respect. Most importantly, we must offer something. Relationships only work when both parties derive value.

While the Society of Actuaries can do much as an organization to forge relationships, individual actuaries should also work side by side with those in the organizations we hope to create relationships with.

As individuals, we need to network inside and outside our profession. Developing avenues of exchange will position us well to help meet societal challenges involving risk management.



Anna Rappaport (right) tours Birmingham, England, with Dominic Lee, SOA ambassador to Hong Kong and member of the SOA's new Greater China Committee, and his wife, Ann, at the International Congress of Actuaries in June.

Societal challenges

As you know, these societal challenges are significant. I view three as the most pressing:

- Needs stemming from the growth of aging populations around the world, particularly the needs of elderly women
- Changes affecting our traditional employers and our relationship with them
- Issues relating to retirement security, with an emphasis on personal saving and social security reform

In the United States, the economic status of the elderly has improved dramatically, but there are still many poor or near poor, particularly among elderly women living alone.

One-third of Americans over age 65 are females living by themselves. About 80% of females living alone are widows. Economic status generally declines at the time of widowhood and often continues to decline. In 1991, more than 27% of recent widows were poor or near poor (annual income below 150% of poverty level) and 43% of long-term widows were poor or near poor. Fifty-two percent of long-term divorced and separated women were poor or near poor.

The financial security systems — pensions, life insurance, health benefits, and long-term care — that actuaries have built and managed are not working well enough for many women. Solutions to these problems require changes in individual and family actions, employer decisions, public policy, and public systems. Insurers can influence these solutions by the way they design and market their products and advise their customers. Actuaries are involved in these issues at all levels, and the effectiveness and influence of our role will depend on our relationships with people and organizations of influence and power.

The Society's relationships with the Pension Research Council and the National Academy for an Aging Society allow actuaries to address these aging society issues more effectively. For

example, both organizations participated heavily in the SOA research project on social security mortality and helped us identify and secure other experts as well. Both will also be cooperating organizations in our planned Retirement 2000 Symposium, along with the National Academy of Social Insurance.

The Pension Research Council's joint sponsorship of such projects contributes to a wider distribution of research results. Several actuaries have been active in the Pension Research Council. The SOA Pension Section and The Actuarial Foundation provided some support for the council's 1997 conference. I have been a co-organizer of three of its conferences, and I have participated in several more as an author of a paper or as a discussant. Books by Bob Myers, former chief actuary of the U.S. Social Security Administration, and several other actuaries have been published by the council.

Some actuaries are also active in the National Academy of Social Insurance, and The Actuarial Foundation has supported some of its work.

In combination, participating in the activities of these groups and partnering with them brings actuaries into the broader community of experts working on aging society issues.

Another significant challenge the profession faces is with our traditional employers. In both insurance and health care, mergers have become common. In addition, banks and insurance companies now offer competing products. While regulation in the United States has slowed these developments, banks in other countries have offered insurance products for some time. Insurance risk has also been securitized, leading to a blending of insurance and other financial arrangements.

The programs at the Valuation Actuary Symposium, the SOA spring meetings in Maui, this year's annual meeting, and several seminars address these issues. Many of these gatherings have brought in outside speakers and collaborators. They help us build valuable relationships.

In health care, risk is now borne by different entities. For many years, risk was generally assumed by insurance companies, HMOs, or employers, but today, more providers are bearing risk.

The health care market has become more competitive and cost increases have moderated, but it is anticipated that they will escalate again. Several major health care companies and HMOs have experienced financial difficulty in the last year.

Health care purchasers seeking quality and affordability have difficulty in defining what quality is, and public backlash against managed care has increased. Several years ago, the SOA chose managed care effectiveness as a critical issue for the profession. As a result, three research projects were identified. In each project, a partnership with outside professionals exists. Much more work must be done in this area, but our chance to have an impact and make a difference increases when we have a broad perspective that comes from a diverse team of professionals.

The issues centering on retirement security represent another challenge for the profession. In particular, the spotlight is on personal saving and social security reform. Many parties are stressing more personal and less institutional responsibility. But there is concern about the ability to save among people at lower income levels. Stock market results over the last decade have fostered an attitude that equity investment is the solution to security. Those who study the balance of risk and return see a strong role for such investments, but they are also cautious.

In the United States, defined benefit plans are strongly favored by plan sponsors who cover more than 1,000 employees, but smaller employers have replaced them with defined contribution plans. In fact, defined contribution plans are part of the social security programs in Mexico, Chile, and some other countries. The U.S. Congress is debating defined benefit and defined contribution approaches for the nation's Social Security program.

(continued on page 6)

Presidential address (continued from page 5)

With a focus on retirement security, the Society of Actuaries embarked on a significant project. We have called this the "Retirement Needs Framework" project. This work will focus on the period after retirement, while most previous retirement-related research has emphasized saving and planning up until retirement. For the first part of this project, a call for papers and a symposium at which they were presented, we received 15 papers, with more than one-third coming from authors outside the profession. The highly successful symposium was held Dec. 10-11. Linking our traditions and our future

As our president, it is important for me to recognize that our current work builds on a rich past and leads us toward a future direction. Each president adds to an evolving organization and the growth of the profession. I would, therefore, like to put the challenges I've presented into perspective.

Over the last 15 years, each of us — individually and as part of our profession

— have witnessed major changes, sometimes positive and sometimes disruptive. In looking back at the themes critical to us 15 years ago, we find recurrent themes, some successes, and areas where we wish more had been done.

The first theme identified 15 years ago, one of several enumerated by 1982-83 Society President Barbara Lautzenheiser, was enhancing the value of the FSA. This remains a major priority today. Similar issues are important in the United Kingdom and Australia. We have had continued emphasis and made major progress on several other areas she identified: the educational system, research, continuing education, cooperation with academia, and support for the valuation actuary. In spite of good progress, we must continue to work on each of these. On others we have made progress, but we need to work harder. These include support for the pension actuary and encouraging intermediate-length articles in our professional publications.

Because we have done little on education for nonmembers, this remains an opportunity today. I would also add to the list created by Lautzenheiser the item "expanding the areas of actuarial employment." This is a major concern for the future, and frankly, our progress has been disappointing.

Not on our list 15 years ago was the need to find a balance between short- and long-term focus and the need to deal with a rapidly changing environment. I believe we have dealt heavily with the short term and am very pleased that the 1998 Strategic Planning Committee has focused primarily on the longer term.

It is important to remember, though, that today the profession is more focused on how actuaries serve the needs of their customers than it was 15 years ago. This is an important step forward, which I helped advance over the past two years.

Our future success While our profession is doing well today, those we serve are undergoing tremendous change. Our future depends on adapting to that change and serving our customers well.

The critical success factors we have articulated provide a framework for meeting these needs. They are consistent with past activities but focus more sharply on those we serve. These factors are for the profession to:

- Be relevant to customer needs
- Provide value to a large enough constituency to sustain meaningful work for current and future members; this includes expanding our horizons as a profession
- Be recognized and credible with employers, clients, policy makers, and the public by clearly defining who we are and how we differ from other professionals
- Expand the scope of the actuarial profession
- Find new, meaningful application of our science, while preserving its integrity and uniqueness



Jacques Carriere, left, and Edward W. Frees accept plaques for the Halmstad Prize from Anna Rappaport at the 1998 SOA Annual Meeting. The prize, administered by the Actuarial Education and Research Fund, was awarded for their paper with Emiliano Valdez (not pictured), "Annuity Valuation with Dependent Mortality," published in The Journal of Risk and Insurance in 1996.

The profession in Australia has developed a generalized way to describe what we do, called the actuarial control cycle. Actuaries there have been doing a great deal to make this concept more widely known. Their work clearly demonstrates that we can apply our science in many different ways by focusing on specifying the problem, developing the solution, and monitoring the experience.

As professionals, we want to focus on the following as we move into new applications:

- Influencing public policy
 - Maintaining membership quality by recruiting, educating, and retaining people who are a credit to the profession, the customers, and the societies we serve
 - Being forward looking, flexible, and adaptable
 - Encouraging the use of actuarial services in the absence of government regulations
 - Focusing professional resources on outcomes most important to members and the public
- My vision for the success of the SOA also includes:

- Providing a relevant education system
- Keeping education, examination, and continuing education systems in line with the profession's needs
- Conducting and sponsoring research that maintains and expands the actuarial knowledge base to add customer value for new and existing practice areas
- Offering strong, effective member services so that members add value to their customers
- Maintaining and developing a strong volunteer system and effective staff support

These critical success factors are a framework for testing priorities and allocating resources.

The issues identified 15 years ago remain important today. But now more than ever before, we need to focus more on working with others to meet our goals. Relationships with users of our services and groups with common



Presidents and presidents-elect of North American actuarial organizations signed a new working agreement at the 1998 Council of Presidents' meeting on Oct. 2. The working agreement helps increase the quality and variety of services offered by the organizations while eliminating unnecessary duplication of effort without restricting any organization's independent decisions.

interests are just as vital to our success as relationships within the profession.

I believe our mission and vision will become reality:

- We will significantly contribute to helping nations, businesses, and individuals meet the challenges of an aging society.
- The customer base of our profession will expand, and we will be respected by a broad range of customers.
- Our profession will be respected by the policy and academic communities in the nations where we

practice, and we will be part of the multidisciplinary teams that provide advice on policy issues.

- Solid ongoing relationships will lead to joint ventures, enabling us to participate in richer research projects appreciated by many more users.
- Our members will have good career options.
- "Actuary" will truly be the best job.

I believe our profession is strong today, but we must be open to change and progress. I am confident we can take the steps needed to build a positive future.

50th anniversary sponsorships offered

The 50th Anniversary celebration for the Society of Actuaries will include a unique opportunity never offered before, and which may never be offered again. By becoming 50th anniversary sponsors, companies that employ actuaries or otherwise support the profession can, for the first time in SOA history, gain special recognition in the Society's

professional publications, on the Web site, and at the annual meeting.

Sponsorship levels have been set at Platinum (\$50,000), Gold (\$25,000), Silver (\$10,000), and Bronze (\$5,000), with a list of benefits for each. To get on the mailing list for the 50th anniversary sponsor package, contact Cecilia Green (847/706-3561; cgreen@soa.org).

Outreach at New York annual meeting

With more than 160 educational sessions and special events, the 1998 SOA Annual Meeting in “the city that never sleeps” offered continuous opportunities for learning and networking. More than 1,700 people attended the meeting, held Oct. 18-21 at the Marriott Marquis in the heart of Manhattan. Keynote speaker Lester Thurow, MIT professor and renowned author, spoke at the general session, Oct. 19, on the rapidly changing economic environment in light of dramatic,

constantly evolving technological developments. Other highlights included tours of the Federal Reserve Bank and the United Nations and an onsite presentation by an advertising agency focused on direct marketing.



Ron Gebhardtbauer, senior pension fellow of the American Academy of Actuaries, scans the SOA's Internet guide with Debbie Jay, SOA Web development coordinator, at the SOA's booth in the annual meeting exhibit hall.



The gavel is passed from 1997-98 SOA President Anna Rappaport to Howard J. Bolnick as he begins his term as 1998-99 president.



Posing before a special ice sculpture at the member reception during the annual meeting are (L to R) Harry Panjer, immediate past president of the Canadian Institute of Actuaries; John Trout, director of public policy, American Academy of Actuaries; Anna Rappaport; and Bob Myers, former chief actuary of the U.S. Social Security Administration.



Pausing at the members' reception in New York were (L to R) Jim Murphy, 1997- 98 SOA vice president, health benefit systems practice; Rob Brown, SOA vice president; and Steve Radcliffe, 1992-93 SOA president.



SOA ambassadors at the International Section breakfast were (L to R) Alan Dubin, Israel; Luis Caro, Columbia; Janet Sharp, Jamaica; Henryk Walerys, Poland; and Ronald Poon-Affat, Brazil. The SOA's 26 ambassadors serve as a link between the traditionally North American organization and the growing communities of actuaries around the world.



President Rappaport's dedication to building bridges includes outreach to international groups. At the president's reception during the annual meeting, Rappaport talked with (L to R): Patrick Cichy, SOA representative in Hong Kong; Rafael Posse, president, Colegio Nacional de Actuarios, Mexico; Sam Gutterman, SOA penultimate past president and member of the SOA Committee on International Issues; and Allan Brender, Canadian actuary elected to the 1998-99 SOA board.



Anna Rappaport thanks economist, author, and MIT professor Lester Thurow for his address to the 1998 SOA annual meeting's general session.

Maui spring meetings offer new perspectives

This year's highly popular SOA Spring Meetings, June 15-17 and June 22-24, gave attendees time out from everyday life to consider larger issues, enhance their actuarial knowledge, and network in the beautiful Hawaiian landscape. The first meeting's keynote speaker, Carroll A. Campbell, Jr., president and CEO of the American Council of Life Insurance and two-term governor of South Carolina, brought his experience and viewpoints to bear on the current direction of the life insurance business. Health issues in a competitive environment were discussed by the second meeting's keynote speaker, George Lundberg, M.D., editor of the *Journal of the American Medical Association*. The 1998 meetings offered a change from past meetings; the location's opportunities for outdoors activities led the organizing committee to leave both Tuesday afternoons free of formal sessions and substitute organized networking events, including hiking, snorkeling, golf, tennis, fishing, and a cultural tour.



Carroll A. Campbell, Jr., president of the American Council of Life Insurance, gave the first Hawaii meeting's keynote address.



The SOA continued its international outreach during the spring meetings. Shown on Maui are (L to R) Hassan Kamil, president, Actuarial Society of Malaysia; Judith Anderson, SOA staff fellow; David Knox, incoming president-elect of the Institute of Actuaries of Australia; and Anna Rappaport, 1997-98 SOA president.

Continuing Education attendance '98

Spring meetings:

June 15-17	Maui	818
June 22-24	Maui	847

Annual Meeting:

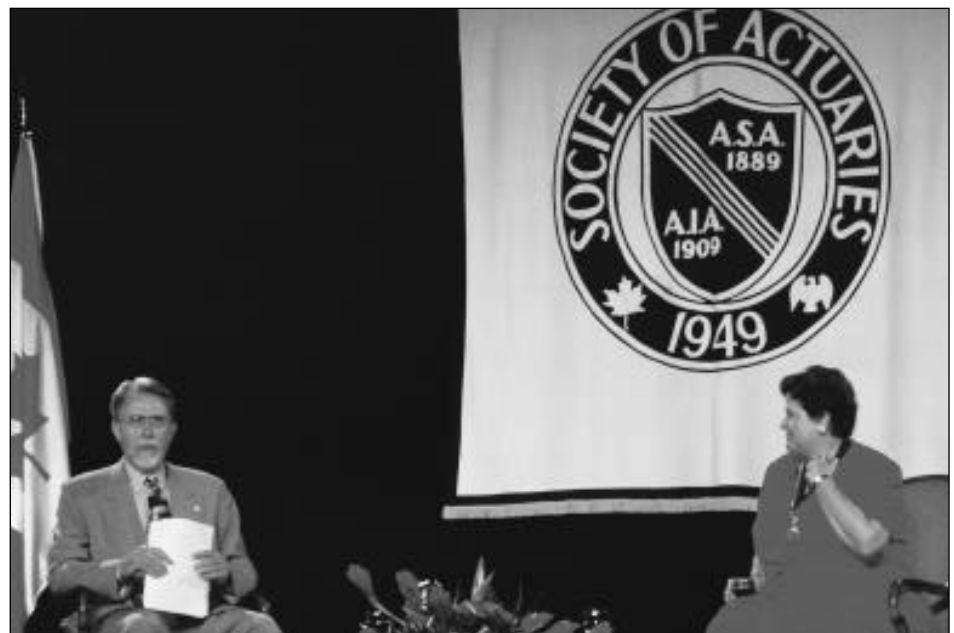
Oct. 18-21	New York	1747
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Valuation Actuary Symposium

Sept. 24-25	Orlando	799
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18 seminars (including
2 teleconferences)

1181



George Lundberg answers a question from Anna Rappaport at the general session of the second of the two 1998 spring meetings in Hawaii.

Annual treasurer's report



by Donna R. Claire
SOA Vice President/Secretary/Treasurer

After a lively meeting in October, the 1999 SOA budget, which included some major changes to the budget originally proposed, was approved. However, even with the changes, which include some increases in dues and fees, the budget still shows a modest deficit. The SOA Board and committees will be monitoring expenses to ensure that the right amount of money is being spent on the right things, with an eye to reducing expenses where possible.

Details on the numbers
The short summary of the SOA finances is that they are okay right now. The SOA went to a calendar year basis of accounting last year. Therefore, the last numbers to be audited were those for the five months ended Dec. 31, 1997. The 1998 budget, which was originally anticipated to run a deficit, appears to be developing somewhat better than anticipated because of some expense savings.

The summary of the 1999 budget, as approved by the SOA board in October, is as follows:

	Amounts (In \$1,000s)
Income	\$ 17,229
Operating expenses	17,274
Change in net assets	\$ (46)
Anticipated member equity as of Dec. 31, '99	\$ 6,478

The membership equity position of \$6.5 million is about 38% of the annualized expenses. This is in line with our

target equity position of 30% to 50% of annualized expenses. The finance committee conducted a survey in 1998 and found that, for nonprofit associations of similar size to the SOA, the average equity being held is a little above 40%. Equity is there for both large one-time expenses (e.g., the initial funding of The Actuarial Foundation), and to cover unanticipated contingencies.

Not included in the surplus position of the SOA is the \$1,482,000 of surplus of the special interest Sections and other restricted funds. These monies benefit the membership but are not controlled by the SOA board.

The complete GAAP financial statements and the report of the independent auditors, Selden, Fox and Associates, Ltd. for each fiscal year will be published in the *TSA Reports*. More details
For financial management and budget purposes, the operations of the SOA are broken down into four service segments:

1. Basic education (examinations)
2. Continuing education (meetings and seminars)
3. Research
4. Member services, general overhead, and other activities

There is a revenue-sharing plan, and each area is expected to stand on its own after the revenue sharing. Research is credited with 25% of the dues and 10% of the basic education income. Member services receive 75% of the dues and 5% of all education income.

Basic education
For 1999, it is expected that the basic education segment, which has total expenses of about \$5.8 million, will run a deficit of about \$300,000 (after its 10% and 5% contributions to research and member services respectively, which total \$970,000). Behind this situation is the possibility that fewer people are taking the exams; it is likely some will resume after the exam

changes in 2000. (See section, "Building for the future," page 16.)

Continuing education

The continuing education segment — which includes the spring and annual meetings, seminars, and symposia — has expenses of about \$3.8 million. This segment typically runs fairly close to break-even. In 1999, some increases in continuing education fees are expected to generate a positive contribution to the SOA of about \$333,000. (One increase stems from a board decision to charge spouses attending activities at the spring meetings \$100 and a higher fee for the annual meeting in 1999 because of the 50th anniversary celebration.)

Research

In 1999, the SOA plans to spend approximately \$2.5 million on research. This includes funding of Foundation expenses, which amount to approximately \$450,000. After allocation from other segments, this area had been running slight deficits. However, due in part to a board decision to cut the allocation to research in 1999, it is anticipated that this segment will have a net contribution of about \$200,000.

Member and office support

In 1999, the total expected expenditures on member services are about \$5.2 million. This includes membership services (such as *The Actuary*, the *North American Actuarial Journal*, and other publications and services), which account for about \$2.8 million; public information programs, \$0.4 million; international support, about \$0.4 million; and administration, about \$1.6 million. Even with the allocations from the other segments, this area is anticipated to run a 1999 deficit of about \$300,000.

The future

The five-year fiscal plan shows some losses in the basic education segment due in part to the major changes in the education and examination system. It also recognizes that we cannot count

(continued on page 12)

Looking outward

Expanding SOA relationships was theme of 1997-98 year

In her address at the 1997 SOA annual meeting, incoming president Anna Rappaport gave high priority to "further develop(ing) multidisciplinary joint ventures with other professional associations and academia, including facilitating the exchange of ideas between academics and practitioners."

Rappaport's presidential year was marked by continuous efforts linking the Society and the profession with other disciplines. Both the Society's programs and Rappaport's individual activities as president reflected her commitment to her presidential year's theme, "Reaching Out to Make a Difference."

Rappaport's commitment stemmed from the value such relationships can bring to the profession. In a time when institutions and disciplines are merging even as new discoveries are made in financial areas, multidisciplinary projects offer actuaries a way to gain and contribute to new knowledge that is richer and, therefore, perhaps more complete than that of the past. When actuaries take prominent roles in such projects, the importance of actuaries and their work can become visible in a highly positive way to leaders outside the profession.

Building relationships across professions, borders
As Rappaport's presidential year began, the Society staged a multidisciplinary seminar that was the second phase of a three-phase joint research project

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related to social security systems. The project, "Impact of Mortality Improvement on Social Security: Canada, Mexico, and the United States," set the tone for the year. It brought actuaries together with leaders in several important disciplines to address a critical societal topic, social security, affecting people worldwide. Also, the issues involved in projecting mortality are important to actuaries in life, health, and pension practices.

The project began a few months earlier with a review and analysis of existing literature on mortality improvement and its measurement. It continued on Oct. 30, 1997, in Washington, D.C., with an invitation-only seminar of 80 experts from academia, government, and business in the fields of actuarial science, demography, economics, medical research, and public policy. A survey of these experts asked their opinions and best estimates on several mortality measurement topics, including the expected range of mortality improvement in each NAFTA country. Phase three examined projections for social security financing in light of the experts' views, and the results were presented at a session held Feb. 17 during the 150th annual meeting of the American Association for the Advancement of Science (AAAS) in Philadelphia. A six-member panel of

four eminent actuaries, a top administrator of Mexico's social security system, and an academic dean presented the project's results, which indicated that social security financing is adequate for the foreseeable future.

The project's reach was extended in March when Michael M.C. Sze, chair of the project oversight group, made a presentation to the International Institute for Applied Systems Analysis. Based in Austria, the 13-country organization had sent a representative to the AAAS meeting, where the representative heard the Society's presentation and recommended it to the institute's leaders. This highlights one of the values of visibility with multidisciplinary groups such as the AAAS.

Also early in the presidential year, risk experts from several disciplines gathered for the SOA's conference, "Integrated Approaches to Risk Measurement in the Financial Services Industry." The conference, held Dec. 8-9, 1997, in Atlanta, recognized the ongoing mergers of financial institutions and, therefore, the need to manage risk for the full range of financial vehicles, including insurance, within an institution. Discussion centered on many of the key methodologies, especially value at risk, underlying risk management. Speakers represented the fields of economics, accounting, risk management, and finance and came from academia and eminent financial services firms. With

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on continued growth in the number of students taking exams. To reduce the expected losses, certain dues and fees will be increased. For 1999, dues for Fellows and Associates who became Associates prior to 1996 will increase

by \$25, and the dues for Associates who become Associates after 1995 will increase by \$15.

Cutting programs when necessary is hard. Yes, it is true that we had a phrase, "The board hasn't met a

program it didn't like," but for the SOA to remain fiscally responsible, costs will continue to be monitored and steps taken to contain them when needed.

an audience mix of practitioners and academics, the goal of creating idea exchange between the two groups was served. Topics of this conference were the subjects of sessions at the 1998 spring and annual meetings. Related topics will be featured in upcoming Society and professionwide events, including the conference, "Individual Savings Product Risk," Jan. 14-15, 1999, New York, cosponsored by The Actuarial Foundation and Nationwide Financial Services. (See "Conference to explore individual savings product risk," *The Actuary*, October 1998.)

In February, the Society and two other important actuarial organizations — the Casualty Actuarial Society and the Canadian Institute of Actuaries — formally launched an initiative to strengthen the profession's ties with universities and colleges. An invitation-only seminar brought academics and practitioners together on Feb. 4 in Chicago to hear presentations on academia's importance to the strength of a profession and the actuarial profession's history with academia. Breakout sessions raised ideas on how the profession might create stronger relationships with institutions of higher education. A task force headed by 1993-94 SOA President R. Stephen Radcliffe was formed to evaluate the need to expand academic ties and how that need might be met.

The following month, the Society cosponsored the conference, "Strategies for a Changing Workforce," with two premier employee benefits organizations, the American Compensation Association and the International Foundation of Employee Benefit Plans. Held March 9-11 in San Diego, Calif., the conference featured several actuaries among more than a dozen employee benefits professionals discussing demographic shifts in the workforce and how employers can address the changing benefits needs arising from these shifts.

The Society joined with two major life insurance organizations, the Life Insurance Marketing and Research



This year saw 303 members become Fellows. Here, Anna Rappaport, principal of William M. Mercer Incorporated, poses with Fellowship Admissions Course (FAC) "graduates" from Mercer at the FAC in Dallas last March. Four FACs were held in 1998, the others in Atlanta, Toronto, and McLean, VA.

Association and the Life Office Management Association, to sponsor "The Annuity Conference," April 1-3 in Orlando, Fla. Here, the emphasis was on connecting professionals who develop, market, and administer annuities to share ideas and information. Speakers and attendees included actuaries, marketers, managers, and other professionals who actively work with annuities.

The dominant form of health care in the United States was the subject of a Society symposium presented May 4-5 in Minneapolis. "Managed Care in a Time of Transition" brought actuaries together with speakers representing the medical profession, a state regulatory office, health care plans, and academia to hear and contribute to the SOA's ongoing study of the issues surrounding managed care. Experts participating and attending heard the results of three SOA research projects, one examining different stakeholders' views of managed care's effectiveness and two focusing on HEDIS (Health Plan Employer Data and Information Set), the most widely used set of measures of managed care quality.

The conference was part of the health practice area's major priority — responding to the need of health actuaries to understand the issues surrounding managed care.

In June, several Society members attended the International Congress of Actuaries (ICA) in Birmingham, England. The premier event of the International Actuarial Association (IAA), the ICA has typically been held once every four years as an event for individual actuaries interested in international issues. The June 1998 ICA, however, created a turning point for the IAA when members voted to convert the IAA into an association of organizations rather than individuals. This marked the formal beginning of the actuarial profession's globalization, and the SOA is among the initial member organizations. SOA members Anna Rappaport, Howard Bolnick, David Holland, and Sam Gutterman were among the SOA members who participated actively in the congress at both the formal sessions and in informal meetings with colleagues from several countries.

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Also in June, President Rappaport and several other actuaries were among the 200 delegates to the U.S. SAVER Summit at the White House. Sponsored in accordance with passage of the federal SAVER Act ("Saving is Vital to Everyone's Retirement"), the June 4-5 summit drew public attention, through news media coverage, to the need for more retirement savings. The delegates, representing a wide range of U.S. groups, were addressed by U.S. President Bill Clinton and other high-ranking U.S. officials.

Another historic event was a joint meeting of the governing boards of the SOA and the Casualty Actuarial Society, which gathered Sept. 17 in Washington, D.C., the day before both boards met separately. The meeting was the culmination of diplomatic efforts launched in 1997, after some CAS leaders publicly expressed concerns about relations with the SOA. Rappaport and then-CAS President Mavis Walters reported that members of both boards discovered common interests and concerns and demonstrated mutual respect. In her speech at the CAS' annual meeting, Walters cited as one of the year's achievements "the

excellent relationship that now exists between the leadership and the boards of the CAS and the Society of Actuaries" and said, "For the good of the profession, we must make sure that mutual respect and good working relationships continue beyond the terms of any particular presidents." She and Rappaport have recommended joint board meetings annually or every two years.

The joint board meeting was one of four significant events in relationship-building between the SOA and CAS.

This year and earlier, educational leaders of both the SOA and CAS recognized the value of cosponsoring the first four courses of the new SOA education and examination system, effective in 2000. Agreement was reached this fall on joint sponsorship of Courses 1-4, which will test mathematical concepts used in both SOA and CAS members' work.

Building on the successful October 1997 Actuarial Career Information Fair, the combined team of SOA and CAS staffs and Career Encouragement and Minority Recruiting committees planned two 1998 fairs that reached more than 300 students and educators. The Sept. 27 fair was the day before the CAS "Loss Reserve Seminar," and Patrick Grannon, CAS vice president, was the keynote speaker. The Oct. 18 fair was held in conjunction with the SOA annual meeting, and SOA Immediate Past President David Holland was keynote speaker. More than 50 companies sponsored lunches, briefbags, and other items and sponsored and staffed information booths.

Also this year, the two organizations issued a second discussion draft of the "Joint CAS/SOA Statement of Actuarial Principles." The effort, launched in 1996, will result in a statement of principles that highlight the statistical, economic, and behavioral framework for actuarial science and the financial principles, actuarial modeling principles, and principles underlying risk management and financial security systems that are important in actuarial science.

Fall brought publication of a study funded in part by the Society in a prestigious journal of a nonactuarial organization. The November issue of the *Journal of the American Medical Association (JAMA)* included a paper by David Eisenberg, M.D., on alternative medicine (also called integrative medicine). The SOA's new task force on alternative care is working with Dr. Eisenberg with the goal of providing actuaries with data important to their work for health plans, public policy, and other endeavors.

The Society's "Retirement Needs Framework" conference, Dec. 10-11, Orlando, Fla., was the culmination of work on this multidisciplinary project during the 1997-98 program year. Actuaries joined the speaker roster of more than a dozen experts, including professors of finance, law, and economics. With the United States' 76 million baby boomers striding toward retirement, and with similar situations in other countries, financial security has become a major topic for nations around the world. However, one crucial question was not being addressed: what are the range of needs in retirement? This conference focused on the period after retirement and planning for the variety of contingencies faced as we age. Once again, actuaries and respected members of other disciplines joined to apply their different viewpoints and knowledge to a major issue of worldwide importance. Ongoing efforts link the SOA, others

The 1997-98 year saw the continuation of efforts linking the Society with other actuarial groups and with disciplines outside actuarial science. A second grant from the Society and the Health Section was given to the National Association of Health Data Organizations (NAHDO) for its database and its National Health Information Resource Center's (NHIRC) Web site (www.nhirc.org). The NHIRC is an online interactive resource for information about current health data and information projects and databases. This second grant will



The National Academy of Social Insurance (NASI) is developing a session for 1999 SOA spring meetings on the project, "Evaluating Issues in Privatizing Social Security," a multidisciplinary study organized by NASI. The Actuarial Foundation donated \$25,000 to NASI for printing the final report. Anna Rappaport (center) presents the check to (left) Pamela Larson, NASI executive vice president, and Virginia Reno, NASI research director.

help NAHDO develop a health database locator module; a topic indexing, search, and retrieval system; and a section for project abstracts related to outcome and performance measurement.

As it has in the past, the SOA formed groups to respond to requests from the NAIC. Two were active in 1998.

One, the Disability Valuation Task Force, was launched in April to answer two related NAIC requests in light of reports that statutory reserves based on the current morbidity tables used as the basis for calculating minimum statutory disability insurance reserves frequently fail the tests of adequacy and reasonableness. The first request from the NAIC's Life and Health Actuarial Task Force (LHATF) was a three-part effort: review the tables; as appropriate, recommend revised tables; and extend the review to contract and claim reserves and across all lines of disability insurance — group and individual, and short- and long-term. The second LHATF request asked the SOA to comment on what appropriate conditions should exist when an insurer uses its own experience to establish claim reserves.

The SOA disability task force presented its preliminary report to the LHATF in June. The task force's preliminary conclusion was that the statutory morbidity table for individual disability claim reserves was not adequate for a significant number of companies. Another preliminary conclusion was that the statutory morbidity table for group long-term disability may produce unnecessarily high margins. Because of the need to do different analyses for group and individual insurance, the task force formed two subcommittees to work on each area. This process was accepted by the LHATF, and work continues.

The other task force was formed to address two questions on the NAIC's alternate proposal to Regulation Triple X, the Valuation of Life Insurance Policies Model Regulation, in time for

the NAIC's December meeting. The SOA report offered technical opinions on whether margins in the alternative proposal are consistent with margins in the 1980 CSO table and the theoretical soundness of using different mortality tables for basic and deficiency reserves. The report stated that the basic reserves being proposed had margins that were generally in excess of those in the 1980 CSO table when it was first implemented. For deficiency reserves, there was no explicit margin, and the report said that the appointed actuary should determine the proper mortality factor to be used for products covered by Regulation Triple X. The LHATF publicly thanked the SOA committee for its work to produce an unbiased report that helped clarify how the new regulation would work. Donna Claire, who presented the report, said it was one of the deciding factors behind the LHATF's Dec. 5 vote to allow the new version of Triple X to be proposed for NAIC adoption.

Also in 1998, the SOA board voted at its October meeting to form a committee to respond to the LHATF's request to develop a new valuation table for life insurance products in light of industry-wide changes that have occurred since the table now in use, the 1980 CSO table, was developed. A committee roster was being finalized in December.

Primary among the committee's decisions will be how to address changes in underwriting standards that have developed since the early 1980s.

The SOA's spring and annual meetings again included dozens of guest presenters, experts from outside the

actuarial profession in fields including economics, public policy, technology, and management. Prominent actuaries hosted informal luncheons for guest speakers in the investment and health areas to build relationships and facilitate discussions of leading-edge ideas.

As in recent years, the SOA continued its international outreach efforts. Among this year's achievements were organizational changes by the SOA board, which took major actions at its Sept. 18 meeting.

First, the increasing complexity of international issues for the Society motivated the board to create the International Policy Committee. Its members will be drawn from the leadership of the other four international committees to allow for a comprehensive approach to the management of the SOA's international efforts. (The committees are the Committee on International Issues, the International Actuarial Association Committee, and two committees focused on Southeast Asia and China.)

Second, to provide clearer focus to differing needs in Asia, the SOA board voted to establish the Southeast Asia Committee to serve member and student needs in Malaysia, Indonesia, Singapore, Thailand, and the

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Irwin Vanderhoof receives a Presidential Award from Anna Rappaport during the presidential luncheon held at the 1998 annual meeting for his many years of distinguished volunteer service to the Society.

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Philippines. At the same time, the board renamed the Asia Committee the Greater China Committee, which will focus its efforts on Hong Kong, Taiwan, and mainland China.

The board also approved a policy to partially subsidize dues in a limited number of countries in recognition of income levels that are significantly lower than those in North America. Additionally, a scholarship matching program is scheduled to take effect in November 1999 to match students from a select group of countries with corporate or individual sponsors for educational materials and exam fees.

In Hong Kong, the SOA representative's office completed its first year of operation. Patrick Cichy, the representative, provides support for the SOA's growing membership in Asia, currently more than 650. The office now will support both the Southeast Asia and Greater China Committees.



A. Norman Crowder, III, 1998-99 SOA president-elect, addresses more than 1,000 members at the 1998 annual meeting's presidential luncheon, saying "Change is upon us The Society must move boldly, and at times aggressively, to remain relevant to its customers, industry, and the environment."

In 1998, highlights included the seminar, "The Impact of the Asian Financial Crisis on the Insurance Industry," Sept. 25, Hong Kong. The seminar featured speakers from Australia, Hong Kong, the Philippines, Singapore, Taiwan, Japan, and Indonesia, and SOA President-Elect Howard Bolnick gave a presentation on the globalization of the profession. Bolnick's visit itself was a highlight that included visits to Renmin University, Beijing, and Nankai University, Tianjin, both of which receive support from the Society. Also, at the end of the year, the Hong Kong office established a page for the SOA's Asian activities on the SOA Web site (www.soa.org/committees/asiahp.html). Building for the future As SOA president-elect, Rappaport led the SOA's strategic planning committee in looking at ways to increase and communicate actuaries' value to their customers, including both employers and consulting clients. In 1998, SOA President-Elect Howard Bolnick directed the committee's attention to possible outreach to members of other disciplines. (The 1998 strategic plan will be detailed in a supplement to *The Actuary's* January issue.)

The SOA Task Force on Organizational Effectiveness developed important organizational refinements this year and recommended that they be implemented in 1998-99. These include:

- Strengthening SOA board committees and their authority. The board would establish three committees focused on the SOA's primary missions: the Board Committee on Education and Examination, Board Committee on Continuing Education, and the Board Committee on Research. The four existing practice advancement committees (for the life, health, pension, and finance practice areas) would be recognized as the board's four practice-related committees.
- Providing a route for Sections to participate in high-level SOA activi-



Mike Sze presents results of a major SOA research project at the 1998 annual meeting of the American Association for the Advancement of Science. Sze chaired the project oversight group for the project, "Impact of Mortality Improvement on Social Security: Canada, Mexico, and the United States." The team of volunteers and staff working on the project received a 1998 SOA Presidential Award.

ties while minimizing duplication of efforts that creates complex, inefficient, and expensive organizational needs. This would be accomplished by allowing Sections to voluntarily enter into agreements with appropriate board committees — probably the practice-advancement committees. Sections would continue to be generally unsupervised entities.

- Creating continuity of strategic SOA initiatives. The annual redesign of the SOA's strategic plan would be discontinued. The plan would be monitored by a committee of a small group of past SOA presidents and chaired by the president-elect, who would approach the board about creating a new plan when and if the committee believes one is needed.

Also, the task force urged the board to create a Senior Advisory Council, recommended by 1997-98 SOA President Anna Rappaport and Executive Director John O'Connor in the June 1998 SOA board meeting. The council would bring together senior SOA members who cannot devote time to SOA governance but who would share advice and guidance. Their contacts would be the executive

director and board officers for maximum efficiency and contribution to overall SOA efforts.

The SOA's education and examination (E&E) system, one of the cornerstones of the Society, is undergoing extensive redesign. Recognizing the changing environment in business and employment, the SOA is putting new emphasis on business applications of mathematical skills and on other capabilities, such as critical thinking, problem solving, and communication skills, which will be crucial to success in the future. The new system will go into effect in the year 2000, and the current exam structure will be discontinued at the end of 1999.

Courses in the new E&E system will cover business and practical applications of mathematical techniques, as well as financial, investment, and practice-related principles and concepts. Subjects will be covered in an interactive fashion. In 1998, preliminary content determination was completed for all courses. Now under development is study material that will treat subjects in an integrated fashion. In addition, the extensive volunteer group involved in the redesign is shifting its focus to test development and planning for implementation of the new system.

Requirements for the professional development (PD) component were approved. Beginning in 2000, FSA candidates will have to complete the 50-unit PD requirement within two years after completing Course 8, the final course in the new E & E system. The PD component will include completion and communication of a research project.

In continuing education, the Society launched a Web-based education vehicle, the "SOA Virtual Campus," offering courses and support (e.g., discussion forums) for self-study. Use of this facility, which can be accessed through the SOA Web site (www.soa.org), is being explored for possible use in completing the PD requirement.

The 1997-98 year also included continuing education sessions at two well-attended spring meetings on Maui and equally popular sessions at the annual meeting in New York.

With research as one of the SOA's main missions, the past and future of research efforts were evaluated this year. The Research Effectiveness Task Force, begun in January 1997, completed its extensive review of all SOA research projects and the processes involved in selecting, assigning, and completing projects. It presented its report to the SOA Board of Governors in January 1998. The board directed the implementation of the task force's recommendations and development of further recommendations, if needed, to the SOA Committee on Research Coordination and its Research Project Oversight and Experience Studies Oversight Subcommittees. Task force recommendations included enhancing the process for selecting and prioritizing research projects; developing a comprehensive communication plan; enhancing the execution of the research process across all activities; and setting a policy and procedures to encourage research on a joint or shared basis with other organizations.

A landmark in research prizes this year was the presentation of the first

Edward A. Lew Award, established by the SOA board in honor of the 1972-73 SOA president for his support of actuarial research. Three awards of \$5,000 were presented for papers by Siu-Wai Lai, Marjorie Rosenberg, Virginia Young, Edward Frees, Emiliano Valdez, and J. Luo.

Also awarded were:

- The SOA's Annual Prize, for the best paper published in the *North American Actuarial Journal* (NAAJ), to Phelim P. Boyle and Sheldon Lin
- Two \$3,000 prizes, sponsored by the Investment Section, to Jacques Carriere and Yong Yao for the best papers submitted in the "100-Year Term Structure of Interest Rates" call for papers
- An expense-paid trip to the International Congress of Actuaries for John Mange, whose paper was ranked best in the "Actuarial Aspects of Currency Risk" call for papers and who presented the paper at the congress

The SOA research function also continued to support its Ph.D. grants program, providing three new and three renewal grants to promising actuarial research projects by graduate-level students, and the CKER grant competition, which funded six projects.

SOA research projects also led to publication of several papers in the

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At the 1998 SAVER Summit (L to R): Russ Mueller of the House Committee on Education and the Workforce; Anna Rappaport; Ron Gebhardtshauer, senior pension fellow, American Academy of Actuaries; and Ken Steiner, Academy vice president.

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NAAJ this year. The April issue featured two papers resulting from CKER grants: "Is Social Security a Regressive System?" by Robert L. Brown and "An Actuarial Index of the Right-Tail Risk" by Shaun Wang. Another paper, "The Actuary's Role in Managed Care," by Bruce Pyenson et al., was published in the July issue; the project was sponsored by the SOA Committee on Health Benefit Systems Professional Education and Development. The contents of the *NAAJ*'s fourth-quarter issue were devoted to

papers from the project, "Impact of Mortality Improvement on Social Security: Canada, Mexico, and the United States."

Progress in experience studies was made this year with the finalization in October of the 1985-90 basic tables, produced by the Individual Life Experience Committee. The committee is now working on 1990-95 basic tables. This year also saw publication of "Accidental Death Experience: A Review of Recent Experience for the Practicing Actuary and the 1996

Accidental Death Mortality Table," authored by Jay Jaffe and funded by a CKER grant. Work continued on a study of gender-based mortality differences, scheduled for completion in early 1999.

Work also continued on a monograph on managed care effectiveness and on two studies of the Health Plan Employer Data and Information Set (HEDIS), which are expected to be completed early in 1999.

Other notable events

Here's a brief overview of other important SOA events in 1998. 50th anniversary begins
The Society launched its 50th anniversary year, 1999, at the 1998 annual meeting with an address about the year's activities by SOA board member Brad Smith, chair of the anniversary planning committee. (See story above.)

New Section established
Members had a 14th special interest Section added to their SOA Section options. The new Management and Personal Development Section grew out of the committee of the same name, launched in 1989. It was granted Section status by the SOA board this year and had more than 300 members by the end of 1998.
Staff reorganized
The SOA staff was reorganized this year as the SOA leadership continued the shift to focus on practice areas. Staff functions were divided into four departments, each headed by a managing director reporting to Executive Director John O'Connor. The departments and managing directors are: Practice Area Education and Research, Jeffrey Allen; Core

Studies and Global Initiatives, Marta Holmberg; Marketing and Membership Services, Linda Delgadillo; and Operations, Kevin O'Brien.

Online, on the Web
Several landmarks were reached in the Society's Web and online programs. In July, the Web site (www.soa.org) received a record 1.4 million hits. A new feature added in March, "Job Link," offers employers a job-posting section for actuarial positions and is a revenue builder for the Society. November brought the close of the Actuaries Online forum on Compuserve, launched in 1994; the migration of users to the SOA Web site's Forum section and Compuserve's sudden move to new servers, which would have required training for SOA systems administrators, led to the closing. Also, the Web site was redesigned at the end of the year for easier viewing and faster loading by members.

ALM Specialty Guide
An important addition to the SOA's professional actuarial specialty guides came in August with the publication of the first guide on asset-liability

management (ALM). The 24-page ALM Specialty Guide, presenting information and helpful references, was developed by a task force of the SOA Finance Practice Area Professional Education and Development Committee. Actuaries and the home run derby

Two SOA members were a hit with the media this year when they worked with the SOA's PR Director and the CIA's PR committee to release their projections of who would break Roger Maris' 1961 record of 61 home runs in one season. Mel Norton, a Toronto FSA/FCIA, fielded the Canadian press' request for interviews. John Dewan, a Chicago FSA and owner of STATS, a sports information company, pitched to the U.S. media. Both shared their actuarial analysis of why Mark McGwire would be the record-breaker on interviews with major newspaper, radio, and TV sports networks. Their combined effort reached 10 million people with the message of how actuaries analyze future continent events, demonstrating in a graphic way the power of actuarial science.

Year of achievement for the Foundation

The four-year-old Actuarial Foundation filled 1998 with several important accomplishments.

The publication and distribution of the book, *Financial Economics with Applications to Investments, Insurance, and Pension*, was a huge achievement for the Foundation, according to Board of Trustees Chair Cecil Bykerk. The textbook, designed for use at the university level, explores key actuarial economics concepts and a broad range of their applications. Lincoln National Corporation cofunded the project with The Actuarial Foundation. The 670-page volume was shipped in August to 20,000 practicing actuaries in North America at no cost to the actuaries. Three of the book's 10 authors and editor Harry H. Panjer also held teaching sessions on the book's material at the SOA annual meeting in New York.

During 1998, the Foundation also developed the "Risks in Investment Accumulation Products of Financial Institutions" project. This symposium, set for January 1999, is a forum for the discussion of papers on the critical issues surrounding investment performance, and it will lead to the publishing of proceedings. It was made possible by a grant from Nationwide Financial Services.

In March, the Foundation supported the 1998 Bowles Symposium on genetic testing with a grant. That same month, it published "Genetic Testing: Implications for Insurance," the proceedings of a 1997 symposium on genetic testing held at Metropolitan Life Insurance Company, New York. The Foundation partnered with Met Life and the University of Pennsylvania Center for Bioethics to sponsor the 1997 symposium.

The Foundation also aided the printing and distribution of the very popular workbook, *The Actuaries Career Planner: A Practical Guide for Actuaries*, designed to help actuaries map their professional lives. It generated such interest that teaching sessions were held at SOA meetings.

The book is about to go into its second printing.

To meet its mission statement of using professional skills and knowledge to serve the public, the Foundation funded the second of its "On the edge of change" consumer education initiatives, this time on Medicare. The first such initiative was the popular package "Putting Social Security back in balance," developed in 1996 on the status of the U.S. Social Security system. More than 50,000 brochures, "Time for a Medicare check-up," were distributed to companies, organizations, and individuals. The brochure was part of a package developed with the Foundation's project partner, the Healthcare Financial Management Association (HFMA), to distribute at events staged by 30 HFMA chapters across the United States. The brochure for the Medicare package was honored with three awards for communications excellence in 1998.

A very important addition to the Foundation's active elementary school math tutoring/mentoring program, "Advancing Student Achievement," is *Count Yourself In*. This "toolkit" for volunteers and educators offers a step-by-step procedure for setting up a math mentoring/tutoring program. Foundation Director of Marketing and Development Joseph Abel, Ph.D., said the piece is crucial in helping potential



Jin-Dih Shih, ASA, tutors fourth-grade math students at Newman Elementary School in Chino, Calif., as part of the Advancing Student Achievement program of The Actuarial Foundation. Shih is a vice president and actuary of Wellpoint Health Networks, Inc.

Foundation grant recipients develop the types of programs actuaries can support. A grant from the Equitable Foundation helped produce the full-color piece.

In the past year, the Foundation entered an affiliation agreement with the Actuarial Education and Research Fund. The intention is to provide increased capacity and a cohesive approach to research for the profession.

Finally in 1998, the Foundation Board of Trustees grew to 20 members. The Board is a disparate group including not only actuaries but business leaders, educators, and other professionals. Bykerk said a diverse Board of Trustees consisting of members with different strengths is needed to nurture the fledgling charitable organization through its first years of growth.