



SOCIETY OF ACTUARIES

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advantage in assessing the implications of a change to the structure of a transaction or how a change in price will impact the overall value of a deal. Actuaries develop, underwrite, and price products and services and, therefore, understand the risks and values inherent in the business.” Lennon, the executive officer who promoted actuary Manzar to the top M&A post at MetLife, obviously agrees. “The life insurance business is more complex than most people realize,” he noted. “Just one example — the relationship between the left and right sides of a life insurance company’s balance sheet is unique. Actuaries understand this relationship and its intricacies. A successful M&A transaction depends on a real understanding of these types of relationships and the assumptions used to determine value and price.”

While many actuaries aren’t ready to sit at a negotiating table, most experts agree they could develop the capabilities they need more easily than other professionals.

Actuaries need to be more proactive, Mayewski said. “They should play an increased role in checks and balances. ‘Are we comfortable with the values, the assumptions embedded in the pricing?’ And, if not, they must step up to the table and speak out when the long-term economic value is not there.”

Said Mayewski, “What M&A all comes down to is quantification of value. Who better than actuaries to play a key role in reviewing the underlying assumptions of a deal?” Insurance transactions especially require actuaries’ knowledge, he said. “They’re in the best position to review the underlying value of business assumptions and model their performance under different scenarios.”

Said Manzar, “The actuarial education program should be viewed as providing a set of tools and insights to becoming a better all-around business person. These tools and insights are an advantage; they give us an edge others don’t have.

“Actuaries seldom reap all the benefits their edge provides. They do things like modeling, which is important, but technical. I feel actuaries have more to offer than technical competency and should take the next step. In the M&A field, for example, our training is ideal for devising creative solutions in structuring the deal and being the lead business person (not technician) at the negotiating table.”

Noted Lennon, “The opportunity for the actuary is to use his or her technical knowledge to become a better business person. To understand the financial implications of what the other side is proposing is tremendously valuable in negotiation. When actuaries combine business sense with their technical skills and knowledge, they truly have an advantage.”

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Academy actuary steps in for U.S. president at Social Security event

by Kelly Mayo

SOA Public Relations Coordinator

What does the White House do when they need a replacement for U.S. President Bill Clinton? They call Ron Gebhardtshauer, senior pension fellow for the American Academy of Actuaries.

Gebhardtshauer had been invited to speak at the high-profile White House Conference on Social Security last December. The conference would bring together leading lawmakers and Social Security experts to discuss the future of the nation’s largest retirement income program.

The evening before the conference, the White House placed a call to

Gebhardtshauer’s home. It seemed that Clinton, who was to be a central figure all morning, would have to leave right after his opening speech to attend the funeral of U.S. Sen. Albert Gore, father of Vice President Al Gore. The White House asked Gebhardtshauer if he could fill in for the president and moderate the morning session. “It didn’t take me long to say ‘Yes!’” recalled Gebhardtshauer.

At the conference, Gebhardtshauer moderated a one-and-a-half-hour discussion that was carried live on the nationwide C-SPAN 2 network. “I’ve done a lot of public speaking over the past two years at Town Hall forums,

so I wasn’t nervous at all. I introduced the session and the speakers and asked them their first questions. Then I walked into the audience, which consisted of about 250 people, and got to play ‘Phil Donahue,’” said Gebhardtshauer.

Attendees at the event included actuaries Robert J. Myers, former chief actuary of the U.S. Social Security Administration, and Stephen Kellison, public trustee of the Social Security Trust Funds; former presidential candidate Jesse Jackson; AFL-CIO chief John Sweeney; National Organization for Women President Patricia Ireland; and 40 members of the U.S. Congress.