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# Past presidents speak out

## 'Big Tent' raises pros and cons with recent SOA leaders

by Jacqueline Bitowt  
SOA Public Relations Manager

Seven former SOA presidents recently offered their views of the Big Tent approach to growing and strengthening the Society of Actuaries and the profession. They were asked for their insights by SOA President Howard J. Bolnick, who crafted the Big Tent concept as head of the SOA Committee on Strategic Planning in 1998.

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**'The Big Tent metaphor is an excellent one ...'**  
— Walter Rugland

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"As the SOA Board of Governors and the planning committee continue deliberating the concept, I thought it prudent to invite opinions and insights specifically from recent SOA presidents," Bolnick said. The roster was limited to those who had served during the last 10 years "because they had led the SOA during the rapid rise of today's globalized, constantly changing business environment. They recognize the difficulties faced by individual actuaries and the profession as we move from the old economy to the new."

The past presidents who responded were Allan Affleck, Bob Berin, Sam Gutterman, David Holland, Steve Radcliffe, Anna Rappaport, and Donald Sondergeld. They commented on the Big Tent approach's two main elements: moving actuarial education to universities and extending some form of Society membership to nonactuaries.

### Facing the problems

Most of those responding acknowledged a need for change if the profession is to thrive in the years ahead.

"When I first heard the Big Tent thesis, I embraced it with enthusiasm.

Since then, I've grown to like it even more," said Walter S. Rugland, 1992-93 SOA president.

"If we were going to establish the actuarial profession today we would base it on four premises.

"First, we would focus on common characteristics among skill sets or types of problems addressed. This would include many people, now excluded, who have the skills to address problems addressed by actuaries.

"Second, we would define our profession in terms of service to the public based in professionalism, including competency. Exclusive entry through examination would be unlikely. Academic-based credentials would be the cornerstone.

"Third, we would structure the profession and nurture its growth based on the world's needs and on exceptional value provided by actuaries' work; both of these are ever-changing. Structure and growth would not be directed toward preserving our own biases or self-generated definitions.

"Fourth, a hallmark of our strength would be our continual search for new methodologies, new theories, and new dimensions in which to apply our skills. We would embrace any and all who could help.

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**'... others have been ... applying our concepts to other fields.'**

— Sam Gutterman

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"I don't characterize the current SOA as having many of these attributes. In fact, its actions, which reflect its view of the future, are restraining if

not retarding. Our exam enrollment should be evidence enough of this. Short-term thinking runs rampant within the SOA's approach to issues of the profession; it guarantees a bleak long-term future. The 'Big Tent' metaphor is an excellent one, but perhaps even more appropriate would be the 'Big Bang.'"

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**'... the question of Little Tent or Big Tent is whether we view the profession as static or dynamic.'**  
— David Holland

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Noted Sam Gutterman, 1995-96 SOA president, "For decades, actuaries have been thought leaders in many different areas — discounted cash flows, modeling, asset-liability management, and practical applications of quantitative methods. However, over the last several decades, others have been catching up and applying our concepts to other fields.

"At the same time, the number of actuaries has been small, and so there haven't been enough to keep up with job needs in other areas. ... Some very talented and motivated students started out to be actuaries and then moved to other areas. This is what the profession must be able to stop — to have those very talented individuals stay in the profession.

"Another factor in this situation is the scope of the profession, its focus on insurance and on consulting in pensions and benefits, and the relative abundance of jobs in those areas. As a result, actuaries have not applied themselves in new fields."

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## Past presidents speak out (continued from page 11)

David M. Holland, 1996-97 SOA president, said, "To me, the question of Little Tent or Big Tent is whether we view the profession as static or dynamic. The membership has a vested interest in having the organization support the status quo, and indeed, if it fails to meet the needs of current members, it will lose their support. However, there is a bigger question, which relates to meeting the needs of those who utilize or rely on the services of actuaries in traditional areas or who seek help modeling and managing financial risks in new areas."

### 'The (Big Tent) discussions are very healthy for our profession.'

— Steve Radcliffe

"The previous SOA mission statement contained elements of a turf claim. It said, '... actuaries practice primarily in the areas of life insurance, health and retirement systems, and investments in the United States and Canada...' After much debate, the statement was revised to have a more general focus; by analogy, it was concluded that the profession must include both 'carpenters' and 'architects.'

"The new statement says that the SOA's mission '... is to advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business, and societal problems involving uncertain future events' and that the vision of the SOA is '... for actuaries to be recognized as the leading professionals in the modeling and management of financial risk and contingent events.' These new statements define actuaries not so much by product and geographic region as they do by fundamental skill sets. It was hoped that this would meet the profession's dynamic needs.

"With the increased financial sophis-

tication and the expanded computing power that exist today, there are undoubtedly people who are involved in modeling and managing financial risks who are not actuaries in name. Bringing us together with these people, while being sensitive to the needs and concerns of the current membership, is in the best interest of the profession."

Steve Radcliffe, 1993-94 president, said he agreed with Bolnick and others in the leadership who say "the profession is at a crossroads," and he noted, "I haven't seen an idea like this generate so much enthusiasm among actuaries in many years. The resulting discussions are very healthy for our profession."

### Yes to one path, but another is questioned

As with members from the wider SOA membership ("In favor of change," *The Actuary*, May 1999), the past presidents responding to the call for comments were divided on how to approach change — what and how specific elements of the Big Tent concept should be implemented.

However, a common theme among several past presidents responding was: university education for actuaries may be acceptable, but admission of non-actuaries needs further study.

Allan Affleck, 1989-90 SOA president, supported stronger ties to universities and academics; offering credit for university-based education, "as long as the profession maintains control over standards and course content at the outset"; and attracting "a broader range of new actuarial students."

However, Affleck did not agree with the idea of bringing nonactuarial practitioners into the Society. "A non-traditional practitioner by definition is not an actuary," he said. "If we want to change the definition of an actuary, and therefore the definition of the actuarial profession, then we could consider such a step. But this part of the [Big Tent] package is very different from the other aspects, and I do not

see the rationale for it."

Donald Sondergeld, 1991-92 president, held similar views. "I continue to be a strong advocate of a move towards a university-based educational system for actuarial qualification," he said. "Many professions have a solid university base. The university system is not new to the actuarial profession, as it is utilized for actuarial qualification in a number of countries."

Admission of nonactuaries does not receive his support. "A few years ago, a resolution to allow Associates to vote was soundly defeated by our membership. At that time, a questionnaire also sought the views of our members regarding board membership and/or officership for Associates. The result was negligible support. Although I am quite liberal on those subjects, I am not in favor of the SOA admitting non-actuaries. I see no advantage and only problems associated with such a radical change."

### 'We have not capitalized well on other opportunities, such as supporting pioneers...'

— Anna Rappaport

Radcliffe, who chairs the SOA Task Force on Academic Relations, supported university education of actuaries. "It has already happened in other parts of the world, it is the best way to compete for the best and brightest students, and our universities are ready for the challenge," he said.

But Radcliffe had doubts about how successful opening the actuarial "tent" to nonactuaries would be. "We will have to get the value equation right," he said. "Others will join us if it provides value to them. When I decided to become an actuary in the late 1960s, the value equation was very positive for math majors who wanted to be in business. ... The only thing I had to trade

was much of my time in my twenties studying for the exams. Today's graduates have many other choices that pay well, use mathematics in business, and don't require sacrificing their twenties.

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**'The membership has worked too long and hard to waive examinations without compelling reasons.'** — Bob Berin

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"We will have to address this value equation before we can even dream of attracting others into our profession. We cannot just announce that we have this new Big Tent and expect everyone to come pouring in. 'Build it and they will come?' I am not so sure."

Gutterman, who clearly favored the Big Tent concept, said "I'm in favor of making the profession more visible and extending its reach. The questions then are how to implement these ideas, what the details should be, and whether the Big Tent concept should be put into practice in its full scope."

Gutterman noted many members' concerns about moving actuarial education to universities, but also raised the problems of having too few actuaries to allow the profession to move beyond its traditional borders. "A lot of members are worried about giving too much responsibility to the universities. However, some compromise may be necessary to increase the number of actuaries," he said.

But Gutterman said he shares some members' questions about the academic element of the Big Tent plan. "I'm in favor of greater involvement with universities, but since actuarial science is a practical [not an academic] application, you want practicing professionals to have an impact on the educational programs.

"The longer-term question that Howard Bolnick is raising is: what form should actuarial science education take at the university level? Look at the investment banker model. The path is:

get an undergraduate degree, work your knuckles off for a few years, and then get an MBA. That's one reason MBA starting salaries are often so high; they go to 32-year-olds with solid work experience, not a 23-year-old fresh out of college. But other MBA programs exist in which students enter right out of undergraduate school. Is one of these models right for our profession? Are there others that should be considered?

"To some degree, you can leave this to the marketplace. But what you can't leave to the marketplace is, what's your qualification bar? If you don't have one, then government steps in. All of that relates to the question of how actuaries are educated."

Gutterman noted that the Big Tent concept is trying to address the problem of how to broaden the SOA membership as the financial services industry consolidates. "To some degree, the profession can help individuals go into new areas," Gutterman said. "But ultimately, it has to be done by individuals. And so for individuals (not necessarily actuaries) who do go into those areas, we need to eliminate some roadblocks [to becoming actuaries]. I think to some degree, the new exam system being implemented in 2000 goes a way towards this. However, it may not be enough, and additional steps may be needed."

**Alternate views and approaches**

Not all past presidents offering comments clearly favored one or more of the Big Tent concept's elements. Bob Berin and Anna Rappaport offered other ideas to consider.

Berin, 1994-95 president, opposed university education of actuaries. "The membership has worked too long and hard to waive examinations without compelling reasons," he said. "Consider those in the investment field labeled 'financial engineers.' This group ranges from MBAs with little mathematics to individuals with doctorates in mathematics. What would the SOA gain from this group? What would this group gain from member-

ship in the SOA? Letting the university educate actuaries assumes that reasonably adequate programs exist widely at both the state and private levels, but unfortunately they do not."

Berin continued, "The ideal solution is difficult and involves two aspects. One is a merger of the U.S. actuarial organization into one organization with sufficient financial clout to provide meaningful public relations and lobbying. The other is a sea-change in the attitude of members toward working on projects that benefit society as a whole, and not just employers and plan sponsors. The actuarial profession in the United States is a silent profession, invisible to the general public, and likely to remain so unless the members wish a change."

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**'A nontraditional practitioner by definition is not an actuary ...'**  
— Allan Affleck.

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Anna Rappaport, 1997-98 president and now serving on the SOA Board of Governors as immediate past president, began by noting that "we have a very successful organization and a lot to be proud of. We need to build on our successes. Some of my colleagues think that things are very bad, and I do not agree with them at all."

However, she continued, "I agree with the need to expand into new areas, and I have participated in and encouraged various expansion activities for about 10 years."

Overall, Rappaport took a "wait and see" attitude. "I am reserving judgment about the Big Tent solutions until I see specifics. While I am skeptical that we can put together something that will work, I think it makes sense to look for different paths for the future."

Rappaport noted several possible models "for extending SOA membership":

- Use of affiliates (an approach taken by the Casualty Actuarial Society)
- Granting of certificates in specific

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## Past presidents (continued from page 13)

areas (an initiative of the Institute of Actuaries and limited to actuaries, “but they could be extended to nonmembers”)

- Offering honorary Fellowships (offered by Institute of Actuaries on a limited basis)

- Providing different routes to membership based on different types of educational credentials

Said Rappaport, “My immediate reaction is that I would be quite likely to support use of affiliates. Exploration of certificates in specialized areas appeals to me. At this stage, I strongly oppose honorary Fellowships or Fellowships not requiring stringent educational credentials. With regard to different routes to membership based on different educational requirements, I am going to keep an open mind.”

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### **‘There seems to be widespread agreement that action is needed ... ’** — Howard Bolnick

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Also, Rappaport said, “I think we need to be careful in saying that we should discard what we have done before. We have not capitalized well on other opportunities, such as supporting pioneers [actuaries working in nontraditional fields], and we need to do better with that”

#### **The road ahead**

SOA President Bolnick noted that the comments from recent SOA presidents “seem to mirror the range of comments from other members.”

Said Bolnick, “There seems to be widespread agreement that action is needed and that the Big Tent approach is the right direction to take. The concern is what specific tactics we adopt to move to the Big Tent.”

Recent past presidents “seem stronger than do members in their

approval of university involvement in actuarial education but similar in their questioning of how we get new members and what those members would do in the profession.”

A. Norman Crowder, III, 1998-99 SOA president-elect, speculated that concerns about new actuaries arise from various assumptions. “There’s no reason to assume that new members would become FSAs,” he said. Another, more likely possibility, he added, is that a group of highly qualified financial engineers would organize themselves, with the SOA’s help, as a new self-governing organization. “If there is affinity, these financial engineers may want to affiliate with the SOA as a Section, initially, and later, perhaps, as a full-blown practice,” said Crowder.

Bolnick noted that education and credentialing would continue to be a major function of an expanded actuarial profession. Actuaries would be required to study a core “actuarial curriculum” that is equally attractive to all practice areas. Options for completing this basic phase of one’s education would include existing self-study options with a new university alternative made available to those students who find it attractive. University study could lead to a single credentialing exam offered by the actuarial profession to demonstrate mastery of basic actuarial material learned at university. This would put university-trained students on an equal footing with self-study students who would continue to write multiple exams. All actuarial students would, then, write one of the advanced practice-specific exams leading to Fellowship in the student’s chosen field of practice.

This educational approach could help bring financial engineers and financial engineering students into the actuarial profession. “It could be a viable option for them and for us because the machinery that is needed

to accomplish is already set up within our profession,” noted Bolnick. “This is a way for financial engineers to reduce time, expense, and inconvenience and to join with a much older and well-respected profession as financial engineers look to develop their professionalism. In this possible scenario, actuaries would be educated alongside financial engineers, and more opportunities could well open up for actuaries to move into financial institutions on the basis of shared educational experiences with financial engineers.”

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### **‘There’s no reason to assume that new members would become FSAs.’** — A. Norman Crowder, III

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#### **More insights welcome**

Bolnick and Crowder urged more members to share their views on the Big Tent concept. “The SOA Board of Governors and the Committee on Planning are looking hard at the Big Tent issues in considering the profession’s and the Society’s future,” Bolnick said. “It’s vital for as many members as possible to be heard.”

**Comments on the Big Tent concept may be forwarded to SOA President Howard J. Bolnick, President-Elect A. Norman Crowder, III, and the planning committee by e-mail to [strategicplan@soa.org](mailto:strategicplan@soa.org). The past presidents may be reached by e-mail as follows: Allan Affleck, [allan.affleck@milliman.com](mailto:allan.affleck@milliman.com); Sam Gutterman, [sam.gutterman@us.pwcglobal.com](mailto:sam.gutterman@us.pwcglobal.com); David M. Holland, [david\\_m\\_holland@marclife.com](mailto:david_m_holland@marclife.com); Steve Radcliffe, [Steve.Radcliffe@aul.com](mailto:Steve.Radcliffe@aul.com); Anna M. Rappaport, [anna\\_rappaport@mercercor.com](mailto:anna_rappaport@mercercor.com); Walter S. Rugland, [walt\\_rugland@aal.org](mailto:walt_rugland@aal.org); and Donald Sondergeld, [dsonder@worldnet.att.net](mailto:dsonder@worldnet.att.net).**