



SOCIETY OF ACTUARIES

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this issue

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Membership Statistics - Nov. 1, 2000

Membership -11/1/99

Fellows 8,545
Associates 7,662
Total 16,207

Membership -11/1/00

Fellows 8,991
Associates 7,405
Total 16,396

Increase through:

Examination 490
Election* 12
Reinstatement 47

Decrease through:

Death 39
Withdrawal 321

*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.

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All members invited to January SOA board meeting

Society members are welcome to attend the SOA Board of Governors meeting January 15-16, 2001, at the Hyatt Woodfield in Schaumburg, Illinois. Minutes of board meetings are available by request. For more information, call the SOA office, 847/706-3500.

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What was and what will be

by A. Norman Crowder, III — Address at the Annual Meeting, Oct. 17, 2000, Chicago

As I leave my presidency, I want to report on the progress we made this year and what I see for the future. These have not been idle times at the Society, nor will actuaries be bored in the future. These are times of real, and drastic, change for us all.

The year that was

It has been a busy year for the Society of Actuaries, both for staff and our board.

I have tried to carry forward the Big Tent debate, and to begin converting broad concepts to careful study and action plans. In a way, you could say I am caught between two visionaries—Howard Bolnick and Rob Brown. I'm the guy who has to get it done.

But, that's all right. I strongly agree with Howard's proposition that actuaries must rethink who and what they are. I see it as a wakeup call to the profession. We must change or find ourselves less relevant. To me, Big Tent reminds us that the Society and its members must be quicker to react, be more flexible, and be more accepting of change.

We have been defining steps to make that happen. We are by no means done. Rob will continue moving forward in several key areas.

This year we have taken various steps to implement parts of the Big Tent hypothesis. Let's look at specifics.

First, we set up a Task Force on Education and Qualification 2005, headed by past president Steve Radcliffe. It has members from the Casualty Actuarial Society and the Canadian Institute of Actuaries. This

task force has worked on defining the skills required of future actuaries in the next decade, revising the syllabus as needed, investigating a university education alternative, and trying to accelerate the students' travel time to full qualification—big agenda.

They have been working hard to sort out these issues. The process of defining the needed skills for tomorrow's actuaries may lead to greater finance and investment topics and more business-related

matters such as marketing, accounting, and communications. Some lower-level math topics may be considered presumptive. The task force is also exploring whether university education is feasible for some parts of an actuary's qualification, as an alternative to the current self-study process. This may involve multi-level offerings. A special

comprehensive exam to cover courses 1-4 will also be considered. The primary objective is to allow students a shorter travel time to qualification, without diminishing the value of Fellowship.

Recently, this group joined forces with a similar working party of the Institute of Actuaries and the Faculty of Actuaries in the U.K. and the Institute of Actuaries of Australia. Joining forces with the Brits and the Aussies has led to a discussion of whether there might be a universal,

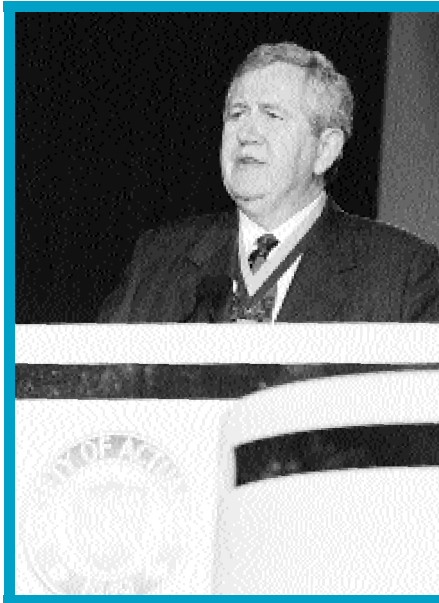
common core of actuarial knowledge across all English-speaking actuarial societies, with later studies being practice-specific and country-specific. An international college may become a reality. But, there is much more discussion and study required. We expect to see some specific proposals from the task force in 2001.

The second major initiative we have been working on relates to continuing education. We are all aware of the rapid pace of change in our practices. Keeping up is daunting. I believe the Society must do more to help its members stay current. This implies breaking the old pattern of onsite meetings, taught wholly by members and run with limited staff. To do more, we will need to have greater CE resources, including both technology and people. Also, we need to use external sources of educational materials and programs that exist on certain topics. And, we will involve our academic members in developing new offerings.

So, we expect to accredit and offer materials produced by others where appropriate and when up to our quality standards. These courses may be offered by members' employers, academics, or other vendors. "Buy versus build" will be a conscious, regular choice for the Society.

We are currently seeking a Managing Director who has expertise in electronic delivery of CE programs and in curriculum development. I expect that over the next two to four years we will expand our CE offerings to members by two or three-fold. That will involve massive efforts by our staff and related volunteers.

A third major initiative has focused on increasing our outreach to others. The purpose is to raise our visibility and credibility. Actuaries tend to be stereotyped as narrow insurance technicians. We have begun to reach out regularly to other professions and related organizations, to conduct joint seminars and research. This



Norm Crowder tells attendees at this year's annual meeting about his year as SOA president and his vision for the Society's future.

interaction helps us to learn new skills and to be part of current policy discussions. It also helps others become aware of the actuarial skills.

Outreach means regular interaction with a variety of organizations to build relationships for lasting mutual benefit. For example, this year, we partnered the Retirement 2000 seminar along with twelve other organizations. This seminar produced 19 papers from several disciplines beyond our profession. We have increased our external relations efforts, but more needs to be done.

A fourth major initiative has been to form a task force to consider whether the Society should be restructured along practice lines. Our objective is to provide better services to members in all practice areas and to allow for the more systematic development of new practices—maybe financial engineers and risk managers. This new task force has just begun work. You can expect to hear more from it next year.

One of our most notable achievements this year has been the completion of mutual recognition agreements with several other actuarial organizations. This reflects the globalization and consolidation of our industry and profession across national boundaries.

All the major actuarial societies have been aware of the need to facilitate their members' practice in other countries. Howard started these discussions last year. This year, Rob and I have signed agreements with four bodies: The Institute of Actuaries, the Faculty of Actuaries, the Institute of Actuaries of Australia, and the Society of Actuaries in Ireland.

Before doing so, we have carefully evaluated their education and qualification process to insure that they each meet the SOA's standards. Our board is comfortable that these four bodies do so. Therefore, we have agreed to mutually grant Fellowship to members of these bodies who are practicing in North America.

Granting Fellowship must be distinguished from granting practice rights. The latter is the province of the American Academy of Actuaries here in the United States and of the Canadian Institute of Actuaries in Canada. We will be very careful about further mutual recognition agreements. Several other bodies have requested similar recognition, but granting of practice rights by the Academy or CIA may be the more appropriate route.

Next, the wave of change has impacted our Society staff. With the death of John

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O'Connor in mid-1999, one of my first tasks was to recruit a new Executive Director.

With the help of an excellent search consultant, the selection committee was able to quickly settle on Sarah Sanford. Since last December, she has been immersed in learning about actuaries and the role of our staff in Society operations. With all the new initiatives in process and the need for a major technology update, Sarah and her managing directors have been rethinking how to best use our staff and other resources for better service to members. We expect the technology revisions—both hardware and software—to begin to operate in early 2001. This will mean that many member services will be done electronically, rather than by paper and by hand.

In addition, a new senior staff in research has been added to strengthen our staff. Staff additions are partially in recognition of the fact that staff must play a greater role, since volunteer members have increasing demands on their time.

Finally, in commenting on the year that was, I'd like to make you aware of how much the Society has become involved in international matters. This, in part, stems from globalization and consolidation of insurance and benefit practices. The

Society of Actuaries is an international body, with 18% of our members in Canada and 9% outside North America.

As the largest educational and research body in the actuarial world, we must play a very active role in the international community. The result is that your presidential officers and others spend a significant proportion of their time on the International Actuarial Association and other international matters. It is interesting, challenging and time-consuming.

So, what's the bottom line on the year that was? Change is here to stay. Many things have been started. A few have reached completion. Most projects are too large or complex to accomplish in

one year. I expect that Rob Brown will carry most to completion.

The future that may be

Now, I'd like to tell you about the future I see for actuaries. My vision is not directly connected to our near-term situation. It is where I'd like to see actuaries and the profession go.

First, I see actuaries as leaders, not followers. Our recent history is not replete with instances of actuaries leading the way for change in our various practices and industries.

We must learn to be real leaders in thought and deed. We should be engaged in all major policy debates on matters central to our profession, but also in any matter where actuaries can contribute something meaningful. We must shed our techie, "back window" image. We must be broad, forward thinkers. We can't expect future problems and issues to be solved largely by past experience or thinking.

This is an era of rapid change, and it will likely continue. New issues require new solutions. We must become "outside-the-box" thinkers—creative, aggressive, and fully engaged in the business enterprise with which we work. If we want to continue to add high value, we must shed

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What was and what will be (continued from page 5)

the old stereotype. I am certain we're smart enough to pull this off.

Second, I see a broader, more flexible education process. If we are truly to include "the best and the brightest," we must find ways to attract and retain top-quality young people.

A 7- to 10-year process to qualification is not competitive in tomorrow's marketplace. If we continue to say, "They have to go through the same hell as I did," we will have to settle for many "high mediocre" technicians. That will not keep our profession in the mainstream.

I see a basic education process that is multi-level, allowing for many alternative levels of training and new practices. We must explicitly allow for others with comparable, quantitative skills to join us, even if they never head toward traditional employment. I see alternative forms of delivery of this basic education, such as self study and university. I see electronic delivery of exams and on demand. I see a universal system worldwide at the early levels of this training.

Third, I see actuaries working in many diverse fields. Some will be in "traditional employment:" insurance companies, health entities, and benefits programs.

But, increasingly, we will be applying our quantitative skills in new areas of investments, risk management, and problem solving—any matter involving future contingent events. The future is limitless, if we don't cling too strongly to the past. We must continue to grow and evolve, both as individuals and as the Society of Actuaries.

Fourth, I see massive delivery of continuing professional development materials in order for us to cope with rapid obsolescence of our knowledge base.

Lifelong learning will be a fact. To accomplish this, your Society will deliver hundreds of programs on current and emerging topics of interest to actuaries. These materials will be under continuous review to stay on top of evolving change. Some programs will be on-site seminars, as we have today. But most will be delivered by technology, on demand. This

continuous learning is vital to the existence of our profession.

Fifth, I see a fully unified actuarial profession in the United States. Our current fragmentation into five parts is an accident of history and oversight. It is not productive, it is wasteful of our limited resources, and it is inefficient. Our colleagues around the world wonder why we persist. If we are to be visible and effective in the world, and if we are to influence policy matters affecting us, we must speak with one voice.

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If the current self-absorbed attitudes persist, I'm not sure how this unification will be accomplished. Maybe, if the threats to our vitality are great enough, the various actuarial leaders will address this matter. I hope unification will be accomplished in my lifetime.

Sixth, I see a series of bright, young, and aggressive leaders for the Society leadership—like Howard and Rob. I don't want to see semi-retired people—like me—as future presidents. Younger leadership brings greater vitality.

Seventh, I see actuaries with active, productive relations with the outside world and other professions, such as demographers, medical experts, accountants, policy makers, and the public. This outreach is vital to our survival and relevance. It will add to our knowledge and skills, keep us up to date on evolving technologies, and make others aware of what actuaries have to offer. It means greater value added.

Eighth, I see a society of six or seven divergent and autonomous practices—some traditional and some based in entirely new areas where actuaries, risk managers, and other quantitative types want to interact.

They will be loosely arrayed under an umbrella association that will not likely be called the Society of Actuaries. How about The Risk Professionals Association? Or the American Academy Of Risk Professionals (AARP)? It will be different.

Conclusions

Well, this has been a busy, busy year for me. I was supposed to be gainfully unemployed.

Instead, I have spent nearly full time on Society business, whether routine or planning new matters. I have talked to many members and others around the world. I have traveled many places to carry the Society banner. I have been away from home 117 nights this year alone in these travels, including 9 overseas trips. It's a good thing I don't have a real job! I don't see how presidents like Anna Rappaport and Dave Holland did it and kept their jobs.

Whatever we have done in the last year, I could not have accomplished much of it without the help of many, many people:

- Sarah and our Society staff, who were willing to assist, even on unreasonable requests
- Rob Brown and Howard Bolnick, the before and after, who gave wise counsel and major help
- the Board of Governors, who went along at times on faith, but who participated actively in major policy decisions
- the Operations Committee
- the many members who work hard on task forces and committees, who made me seem smart on many issues
- Lisa, my wife, who prevailed through my preoccupation, but who was secretly happy to have me out of her hair!

Whenever you think you've done a good job, it's usually because you had willing hands to support you. I am very grateful.

It has been an honor and a privilege to serve as your President this year. I haven't accomplished as much as I hoped, but probably more than expected. But, I have instigated some major changes and initiatives that I believe are vital to our future.

I must leave it to Rob Brown, Jim MacGinnitie, and others who follow, to carry on. I have moved the ball forward 10 or 15 yards.

Thank you all for the chance to serve.