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Futurism Section: What's ahead for 2010, 2050?

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As actuaries look to the millennium, what do some see for the years ahead? More than 140 members of the Society of Actuaries' Futurism Section revealed their educated beliefs on 25 questions about the years 2010 and 2050 in a recent study.

The special project, a Delphi study, was conducted in conjunction with the Society's 50th anniversary in 1999 and the approaching Year 2000. The study will be discussed in detail during the Futurism Section's breakfast, 7 a.m. Oct. 19, at the Society of Actuaries' 50th Anniversary Annual Meeting in San Francisco. (The breakfast is open to all attendees.)

While most actuaries are experts in evaluating future possibilities, Futurism Section members have the added facet of an ongoing interest in the discipline of futurism. Many Section members are senior company executives, corporate futurists, and academics.

A Delphi study assembles a group of experts and asks the same questions in up to four rounds of surveying. The responses of the previous rounds are reported, allowing individuals to consider their next responses in light of the expert consensus. The Society's Futurism Section sponsored two rounds, "and the answers were considerably more focused in the second round," said Al Easton, Section chair and the study's director.

Future U.S. events

What did the Section members responding see for 2010 and 2050?

- There's little chance that the United States will institute a national health plan or other mechanism as an alternative to employer-based health insurance.
- The U.S. suicide rate will rise.
- In the next 10 years, the Dow Jones

Industrial Average won't see a one-day drop as dramatic as the 22.6% decline on Oct. 18, 1987.

- Americans born in the year 2050 can be expected to live beyond an average age of 80, but few think the average will be as high for those born in 2010.
- By 2010, health expenses will represent a larger percentage of the gross domestic product than in the past.

A majority of respondents also saw a slowdown in prescription drug costs, a rising percentage of the labor force being comprised of women, fewer workers per retiree, declining death rates from heart disease and cancer, and inflation remaining under control. A significant minority, 35%, foresaw a cure for AIDS by 2050, but only 4% expected one by 2010.

About the profession

Section members were asked three questions about the profession. They believed that:

- While 40% of employed SOA members worked for consulting firms in 1997, that figure would rise to 43% and 46.4% by 2010 and 2050 respectively.
- The percentage of employed members working in organizations other than insurance companies and consulting firms would rise from 10.1% in 1997 to 13.8% in 2010 and 18.3% in 2050.
- The percentage of members living outside the United States and Canada would grow from 8.6% in 1997 to 11.1% in 2010 and 14.6% in 2050.

10 years ago

The Section also conducted a Delphi study in 1989. "Examining those results helps us interpret the latest study by seeing how the 1989 respondents were affected by the world

around them," said Easton.

Respondents often turned out to be right. They correctly extrapolated trends to predict the increase in self-insured health benefits, the increase in direct-response life insurance, the growth in long-term care insurance, and the improvement in mortality. Also, they were nearly exact on the percentage of the gross domestic product devoted to health costs: 14%. And they were right about what wouldn't happen: establishment of a U.S. national health care plan, replacement of state regulation by federal regulation in the United States, or any wars or major economic discontinuities.

Of course, some choices were wrong. Respondents guessed that interest rates on new investments would be about 9.9% and inflation about 5.7%, about 3% higher than both are today. Estimates probably reflected a then-recent period of record interest rates and inflation. Also, the number of AIDS-infected persons has grown only slightly, not doubled or tripled as respondents guessed. Again, the estimates depended on apparent trends.

In other instances, changes occurred that made response interpretation difficult. A question about health insurance provided by "non-insurance entities" didn't anticipate some major insurers starting their own HMOs. Other questions were affected by the intense merger-and-acquisition environment that has evolved in the 1990s.

See the report

The entire report, including a table showing detailed results, is posted on the SOA Web site (www.soa.org, *Newsroom*). Paper copies are available from the SOA office: Jacqueline Bitowt, Delphi Study, Society of Actuaries, 475 N. Martingale Road, Schaumburg, IL 60173 (fax: 847/706-3599; e-mail: jbitowt@soa.org).