

POLICYHOLDER RELATIONS

What is the function of the actuary with respect to his company's public relations? What are actuaries doing and what can they do to help improve relations between life insurance companies and the public?

MR. JESSE E. FLICK, of Republic National Life, opened the discussion by pointing out the dynamic and changing nature of the insurance industry, which requires of the actuary the ability to accept or reject innovations, coupled with the ability to defend his decisions to others on the management team and others in and out of the company.

As examples of two successful public relations jobs done in Texas, he described the events leading up to the formation of the Actuarial Advisory Committee, a permanent body consulting with the State Board of Insurance, and outlined the awards program of the Actuaries Club of the Southwest. This program works through the Texas Interscholastic League, giving cash awards to certain of those teachers who had students making the highest marks in connection with the mathematic examinations given by the Interscholastic League. He also referred to similar activities in the Southeastern Club in support of the Actuarial courses at Georgia State College.

In discussing the improvement of relationships between the companies and the public, he stated that the actuary must be ever ready to participate in any program or committee activity that will assure the public that its interest is in safe hands. Two areas of particular import are in the presentation and explanation of new mortality tables and in the breaking down of the language barrier between the actuary and the public.

MR. ROBERT C. TOOKEY emphasized the problem that the actuary faces in communicating with the lay public, pointing out some of the important fundamentals of communications, such as:

1. Words do not mean anything except as symbols mutually agreed upon by the speaker and the hearer, and they mean different things to different people and different things in various situations and contexts.
2. One can embarrass or anger people by using words they don't understand, and people won't understand talk that is outside the experiences they have had in life.

The actuary is involved in public relations when he answers technical inquiries from policyholders, deals with the insurance department, and testifies in court as an expert witness on actuarial items such as life expectancy and certifies to the soundness of a pension plan. Ways in which he can improve relations between the companies and the public include: simplifying policy forms, reducing in length and number the forms to be

filled out by policyholders and applicants, adopting a modern mortality table, and utilizing electronic equipment to provide faster and more accurate service to policyholders.

MR. THOMAS M. GALT also touched upon the desirability of simple and clear policy forms, fast and accurate servicing of business, and clarity of correspondence. In addition to these points, he also brought out the following:

1. The development and design of new plans to meet new needs or to fit old needs better is a responsibility of the actuary, and if it is done well, in the interests of the public and not just to gain increased sales, it will aid public relations.
2. The actuary should do what he can to prevent the use of any improper sales methods on the part of the company's agents. A high lapse rate, besides being expensive, is certainly not a contribution to good relations either with policyholders or with the general public.
3. All advertising material should be reviewed by an actuary, because he is in the best position to ensure that misstatements or false impressions are not given—he may even make constructive suggestions.
4. Various clubs and groups frequently are looking for speakers and such occasions might provide opportunities to answer some of the unjust criticisms to which the life insurance industry is subjected from time to time. The uses to which giant computers are being put might also be an interesting topic for such talks and one which could well improve public relations by making the public more aware of the life insurance companies and the efficiency with which they operate.

MR. T. ARNOL CROWTHER expressed the opinion that the training of the young actuary frequently neglects the public relations aspects of the position and that it behooves us to expose him during the training period to the marketing end of the life insurance business or dealing more closely with the public in the administrative end of the business.

MR. HUGH GORDON JOHNSTON expressed the thought that the actuary's function in public relations is an internal problem, and that his greatest contribution is to convince his colleagues of the lengths the Company will go to provide the best product for the least cost.

There should be a closer relationship between the actuary and the agency force so that the agents may intelligently inform the public of the truth about life insurance and remove any misconceptions that may have been obtained.

He also emphasized the communication problem by pointing out that the actuary should be careful to express himself in the language of the agent and the public, remembering that public relations is an art and the profession of the actuary is a science.