



SOCIETY OF ACTUARIES

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Bringing  
ABOUT  
Results

09

# Actuaries

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# OR UNITY

**THE SOCIETY OF ACTUARIES' VISION** is for actuaries to be the leading professionals in the measurement and management of risk.

# Letter from THE 2008–2009 PRESIDENT Reflections ...



CECIL D. BYKERK

DEAR FELLOW SOA MEMBERS,

**AS I WRITE THIS FINAL NOTE** to you, my two dogs sit at my side in anticipation of their next opportunity to venture out into the great outdoors—better known as our backyard. Each time I open the sliding door, they gleefully race out, tails wagging, excited about the adventure ahead (given the hefty mounds of snow, though, they may have to settle for a car ride instead). I get a kick out of watching their purposeful focus, boundless energy and enthusiasm for exploring new opportunities.

I have shared that same level of excitement in my role as a long-time volunteer for the SOA. I've witnessed this same high level of energy among the SOA's thousands of volunteers—from our Board of Directors, to those working on Section and Education leadership and operations, to our Research committees and project oversight groups, just to name a few. More than 100 dedicated professional staff, led by Executive Director Greg Heidrich, support the enthusiastic commitment of our volunteers. Working together to support the SOA and our profession, we've just wrapped up an exciting year marked by successes, learnings and opportunities to further our vision for actuaries to be the leading professionals in the measurement and management of risk.

I'm pleased to introduce the SOA's 2009 Year in Review (previously known to many as our Annual Report), which highlights some of last year's achievements. Throughout this publication, you will read demonstrated examples of the combined efforts of volunteers and staff working together with that same boundless energy and enthusiasm for exploring new opportunities. The energy in the SOA office is palpable and has helped the SOA successfully launch several new strategic initiatives in response to the 2008–2012 Strategic Plan.



When I reflect upon this past year, it is with the appreciation that the role of SOA president is not an easy one. In the interest of advancing the profession, presidents often lead relevant and difficult discussions that can provide tremendous insight, much like the Future Education Methods concept raised in 2009 that merited 1,000 responses from members, employers and candidates. This feedback and the SOA Board's decision not to move ahead with the concept in its proposed format offered many important learnings that I applied to my work as SOA president, and that future presidents will also use.

I'm pleased the SOA continues to be recognized for our worldwide leadership in the actuarial profession and for our commitment to raise our visibility among employers and in the media. We are continuing to build our profession's intellectual capital, strengthen our education system, find new ways of delivering professional development training and promote our thought leadership. We have made significant strides to expand our international reach by signing the Global CERA Treaty.

Mike McLaughlin, an early pioneer of the CERA credential, has taken the 2009–2010 presidential reins and is already doing exciting things as president. I've worked closely with Mike throughout this past year and he has demonstrated his leadership, vision and commitment to the SOA time and time again.

It has been an honor and I am very proud to have served as your president. I hope you will enjoy reading this summary of our collective work to advance the SOA's mission and vision.

**SINCERELY,**

**CECIL D. BYKERK, FSA, FCA, HonFIA, MAAA**

2008–2009 President, Society of Actuaries



# STRATEGIC MANAGEMENT

## Linking Today's actions with Tomorrow's Goals

**THE SOCIETY OF ACTUARIES** is a mission-driven organization and its commitment to the actuarial profession's future is realized by following a strategic management system (SMS). When the Board approved the 2008–2012 Strategic Plan, it also updated the SMS to ensure the plan's success. The 2009 strategic initiatives were developed by the SOA Board, members, and staff, and directly support the 2008–2012 Strategic Plan. To read about the 2009 initiatives in detail, visit [soa.org](http://soa.org). The balanced scorecard and strategy map are the cornerstones of the SMS, with clearly articulated objectives, measures and strategic initiatives.

### ESTABLISHING TARGETS

While the SOA has defined measures in the past, 2009 was the first year that we set targets for these measures. The Issues Advisory Council (IAC), a volunteer team comprised of Board members and other leaders of the profession, recognized the need to establish

targets in order to better define focused, quantifiable outcomes of success. "This is a significant refinement of the Strategic Plan," said SOA executive director Greg Heidrich, "one that ultimately links strategy to actions and provides clear guidelines for day-to-day decision making."

### CONDUCTING A STRATEGIC REVIEW

To ensure the SOA is achieving a consistency of vision and action, the IAC conducted the first formal review of the SOA's Strategic Plan in September 2009. The review assessed the progress of our strategic initiatives in achieving the objectives laid out in the plan, and developed a set of recommended initiatives for 2010.

In preparation for the strategic review, the IAC gathered a series of environmental observations regarding emerging trends and changes that have occurred since the development of the Strategic Plan in 2008.

The IAC collected input from various news and journal sources, the Employers Council, staff assessment and SOA volunteer leadership. Key observations included:

- While the financial crisis is impacting employment, it also offers opportunities in enterprise risk management.
- Health care reform will have an impact on the profession, but it is too early to determine the specifics.
- International and U.S. reporting standards are converging, with the United Kingdom and the European Union leading the way.
- Greater workloads are reducing members' available time, therefore creating a greater need to focus volunteer resources.

As part of the strategic review process, the IAC solicited input from a number of groups regarding both the continuation of



existing strategic initiatives as well as proposals for new initiatives. At the October 2009 Board meeting, the IAC presented its recommendations for the 2010 portfolio of strategic initiatives, which were ultimately approved by the Board.

### LAUNCHING AN EMPLOYERS COUNCIL

SOA membership is granted to individuals, but the SOA recognizes employers as key stakeholders for the organization and the

profession. To ensure that the perspective of this critical constituency is reflected in our planning, education and services, the SOA established an Employers Council in 2009. The purpose of the Employers Council is to establish a direct dialogue with employers and to inform the SOA on:

- Employers' current and future business trends and the issues and challenges facing insurance, benefits consulting and broader financial services firms today and into the future;

- Employers' hiring and staff development needs, preferences and practices;
- Business needs for research and other forms of intellectual capital development in risk-related areas; and
- The market-relevance of various SOA products and services.

"In building the council, we sought a broad combination of actuarial and non-actuarial expertise—including representation from life and health companies, actuarial consulting firms, financial services, executive search and recruitment and the ERM practice area," said SOA Past President Cecil Bykerk FSA, FCA, HonFIA, MAAA. "While the council won't set organizational policy, their valuable expertise and input will provide the SOA feedback on our current initiatives and the early insights to help us consider the future focus of our profession."

## STRATEGIC INITIATIVES

A number of the 2009 strategic initiatives are mentioned throughout this report. Below are some additional highlights.

### Marketing and Market Development Plan (MMDP)

A continuation of a long-term effort to raise the profession's visibility in the media, the MMDP provides tools that will help actuaries promote their work and the profession's

strengths to employers, and further our outreach to high school and university students interested in the profession.

### Leadership Resource Program (LRP)

The program will help the SOA identify, recruit, track and recognize volunteers. Phase one of the program focused on identifying all volunteer opportunities, tracking volunteer positions in the SOA

database, and implementing a recognition tool kit.

### Untapped Opportunities for Actuaries in the Health Industry

The SOA initiated a market research effort to identify the current market and future opportunities for actuaries in health care. A report detailing the findings will be issued in 2010.



# Research

## PROVIDING EXPANDED KNOWLEDGE

and new informational tools for the use of the membership, the general public and other research stakeholders, the Society of Actuaries' Research team and project oversight groups completed a number of valuable and highly visible projects in 2009. We highlight several key research projects below.

### "WHAT A DIFFERENCE A YEAR MAKES" REPORT

To gauge the impact of the financial downturn on retirees, in 2009 the SOA, LIMRA and the International Foundation for Retirement Education (InFRE) resurveyed respondents of the 2008 study, "Will Retirement Assets Last a Lifetime?" The original study surveyed 1,524 retirees ages 55 to 75 with \$100,000 or more in household investable assets prior to the financial downturn. The 2009 findings showed that 49 percent of retirees said they felt less secure than when they first

entered retirement, compared with 20 percent who said so in 2008. Forty-three percent of the retirees noted a downturn in tolerance for investment risk and many were concerned with the possibility of inflation. "What a Difference a Year Makes" received mass media attention, including coverage by online media outlets *US News*, *CBS News*, *Chicago Tribune*, the *RetirementIncomeJournal* and *ProducersWeb*. To read the results of this interesting study, go to [www.soa.org/retirement-assets](http://www.soa.org/retirement-assets).

### THE FINANCIAL CRISIS AND LESSONS FOR INSURERS

Focusing on implications from the subprime mortgage crisis and approaches to address future crises, a research paper sponsored by the SOA and the Joint SOA/Casualty Actuarial Society/Canadian Institute of Actuaries Risk Management Section, expressed the need for enterprise-wide risk management approaches through business practices and regulatory enhancements. A key component to this report is the detailed list of lessons learned for insurers in the aftermath of the financial crisis. The report generated high media visibility in

Focusing ON THE CHANGING  
ECONOMIC AND SOCIAL NEEDS  
of the 21<sup>st</sup> century.

197 outlets, including business journals, *Reuters.com*, *AOL Money & Finance*, *National Underwriter Property & Casualty*, and *National Mortgage News* online. In addition, the report was the basis for a congressional staff briefing held by the American Academy of Actuaries in September 2009. The entire report can be accessed at [www.soa.org/lessons-learned](http://www.soa.org/lessons-learned).

### PRINCIPLE-BASED ACCOUNTING

The SOA and the American Academy of Actuaries completed several jointly sponsored research projects to address a wide range of issues related to the forthcoming principle-based accounting concepts. The "Analysis of Proposed Principle-Based Approach" was the most visible project. The SOA, under the guidance of a Milliman research team, conducted a first of its kind "field test" on the proposed principle-based valuation manual for four different product lines and its impact on the life insurance industry. This critical report will help the American Academy of Actuaries and the NAIC finalize regulations and actuarial guidelines governing principle-based framework for statutory reserving and risk-based capital. To access the results of these projects, see [www.soa.org/pba](http://www.soa.org/pba).

### 2000–2004 INDIVIDUAL PAYOUT ANNUITY EXPERIENCE STUDY

The results of this critical experience study, last updated in 1986, present updated mortality patterns that will help insurers and consultants support and develop annuity products. To read the complete report as well as access the pivot tables, go to [www.soa.org/annuity-report](http://www.soa.org/annuity-report).

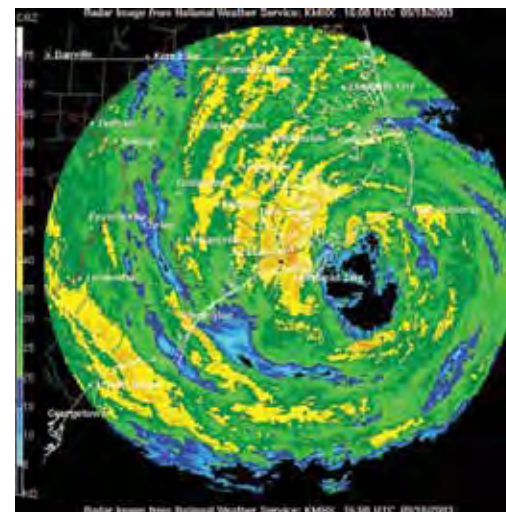
### NAAC COLLABORATIVE RESEARCH GROUP

Formed at the beginning of 2009, the North American Actuarial Council (NAAC) Collaborative Research Group grew out of the efforts of the various actuarial organizations in North America to coordinate and partner on research activities. The organizations recognized the need not only to come together to report on their respective research activities, but also to identify areas of potential synergy and to collaborate on significant research opportunities. The organizations involved are the SOA, the Academy, CAS, CIA, Conference of Consulting Actuaries, Actuarial Society of Pension Professionals and Actuaries, the Asociación Mexicana de Actuarios, the Asociación Mexicana de Actuarios Consultores and the Colegio Nacional de Actuarios of Mexico.

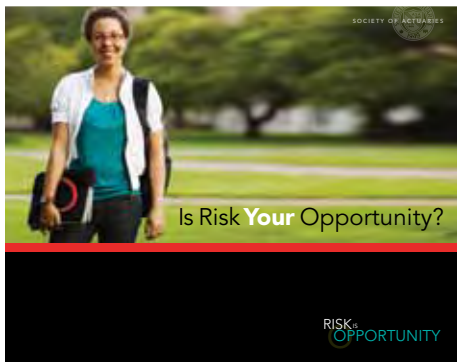
### JOINT CLIMATE CHANGE RESEARCH PROJECT

Developed in early 2009 as an offshoot of the NAAC Collaborative Research Group, the CAS, the CIA, the SOA and the Academy are partnering on a research project that will help raise awareness of the potential risks associated with climate change and the risk management implications within North America and globally. The project results are intended to be used as a resource by actuaries and others in predicting losses or opportunities related to climate change and the impact to insurance risk. In November 2009 the organizations issued a Request for Proposal (RFP) seeking researchers to help in developing the project, with research to begin in 2010.

"Our long-term goal is to reexamine the development of our research agenda, our role in developing the profession's intellectual capital, and how we best meet our mission to expand actuarial knowledge generally," said Bruce Iverson, managing director of actuarial research.



# Improving THE Education Process



UNIVERSITY OUTREACH

**PREPARING FOR**, taking and passing the exams—for an individual pursuing an actuarial credential, this is where it all starts. One of the Society of Actuaries' main focuses is to educate and credential actuaries, preparing the profession for the future. To that end, the Education team ensures that content is fresh, current and relevant to practice, to employers and to those in the field.

## EDUCATION UPDATES AND ENHANCEMENTS

To ensure the growth of the actuarial profession, the SOA recognizes the need to keep our educational process current and cutting edge. As the profession continues to evolve so must the way we structure our educational materials, exams and delivery methods.

Enhancing and improving the quality of actuarial education is one of the SOA's top priorities. As part of a continuous improvement cycle, the SOA has reviewed and re-

vised all eight modules of Fundamentals of Actuarial Practice (FAP). We have enlisted Section liaisons to improve the quality of FSA-level exams by consulting on syllabus decisions and reviewing questions to ensure they are practice appropriate. In addition, the SOA has implemented a pretesting process, ensuring exams are thoroughly reviewed with a critical, objective eye.

The SOA acknowledges that in order to make the actuarial profession more attractive to potential candidates, it is necessary to shorten the travel time through the exam process. To that end, in October 2009, the Board of Directors approved delivering all FSA exams twice per year beginning in 2011. In addition, computer-based testing (CBT) of preliminary exams continues to be expanded allowing for more frequent delivery and instant results. The SOA moved Exam C to CBT delivery in 2009, joining Exams P and FM. "The SOA has made great strides in increasing the efficiency of the



education system, without sacrificing quality or rigor,” said Ken Guthrie, managing director of education.

### ACADEMIC CONNECTIONS

The SOA Board of Directors adopted a plan to strengthen the role of the academic branch of the profession and established a number of new programs that were either launched or expanded in 2009: University Outreach, Centers of Actuarial Excellence and Doctoral Stipends.

#### University Outreach

Many young actuaries decide to pursue the profession prior to or during their college years. That is why it is so important to build our relationship with the academic community. To that end, the SOA developed the University Outreach program. Under this program, SOA staff and members visit universities and colleges in the United States and Canada to meet actuarial science faculty and students, to

share information on new opportunities for actuaries (e.g., ERM and the CERA credential), to discuss the SOA’s exam system, and to answer questions. Since the program’s inception in 2008 we have met many enthusiastic students who truly appreciate the chance to meet SOA leaders, those who have gone through the program and those who manage the education system. We also use these visits to meet students outside actuarial science programs who may be a good fit for the profession, and encourage them to consider becoming actuaries.

In 2009 we met with almost 1,000 students and 120 advisors at 16 schools. Schools visited included Georgia State University, University of Chicago, Spelman College, University of Texas-Austin,

### EDUCATION SNAPSHOT

ACTIVITY	2008 COUNT	2009 COUNT*
EXAMS P, FM, MFE, MLC, AND C ADMINISTERED	37,726	41,766
FAP MODULES FINAL ASSESSMENTS TAKEN	1,478	1,066
FSA MODULES TAKEN	2,006	1,927
FSA EXAMS ADMINISTERED	3,374	3,502
ASA DESIGNATIONS EARNED	1,312	982
CERA DESIGNATIONS EARNED	97	293
FSA DESIGNATIONS EARNED	935	559

\* 2009 figures are preliminary as of Dec. 1, 2009.



Concordia University, University of Toronto and New York University. To learn more about the program, visit [www.riskisopportunity.net](http://www.riskisopportunity.net).

### Centers of Actuarial Excellence

The SOA launched a program in June 2009 to identify Centers of Actuarial Excellence (CAE) within the academic community. A component of the 2009 strategic initiative—the Role of Academia—the program allows U.S. or Canadian universities and colleges with outstanding actuarial programs the opportunity to be recognized for that achievement and to compete for substantial grants for education and research. A school is designated a CAE if it meets the following criteria:

- Offers a program with an identifiable degree or track in actuarial science.
- Provides a curriculum with approved courses in all Validation by Educational Experience (VEE) subjects and which covers most of the material in at least four of the five preliminary examinations (currently P, FM, MFE, MLC and C).
- Produces at least 10 graduates per year from the actuarial science program.
- Has responsible faculty of sufficient quantity and quality (with at least one credentialed actuary on faculty).
- Produces high quality graduates who are in demand by employers.
- Offers a curriculum that integrates with other relevant fields, particularly

those developing business acumen and communication.

- Connects to industry (e.g., advisory board, campus speakers).
- Produces research and other scholarship.

SOA volunteers used these eight criteria, in conjunction with site visits, to determine which schools would be named a CAE. In December 2009 the SOA announced the first recipients of the CAE status:

### Centers of Actuarial Excellence (Fall 2009)

- University of Connecticut
- Drake University
- Georgia State University
- Illinois State University
- University of Iowa
- Université Laval
- University of Manitoba
- University of Nebraska–Lincoln
- St. John’s University
- Temple University
- University of Waterloo
- University of Wisconsin–Madison

The SOA awarded these schools the designation for a five-year period (through Dec. 31, 2014) subject to their continued conformity to the CAE criteria during this period. In addition, in 2010 these CAEs will be eligible to compete for grants in education and research.

### Doctoral Stipends

Strong actuarial science programs produce students deeply committed to the profession, who understand its history, and who are primed to become actuarial leaders. The academic community produces important new research, often developing concepts and methods that will generate

# Strengthening THE FUTURE of the Profession

breakthrough practice applications. As another component of the Role of Academia strategic initiative, the SOA established the Doctoral Stipend program to increase the number of academic actuaries who hold a Ph.D. and an actuarial designation, and who intend to pursue academic careers in the United States or Canada. An ongoing program awarded annually, the stipends provide support for up to five years of study and encourage bright students to enter teaching and research for the profession. Through their doctoral studies, stipend recipients will address the needs of the profession from both the theoretical and practical aspects.

The SOA received 50 applications in 2009 from well-qualified candidates in or applying to doctoral studies programs at universities in the United States and Canada. In April 2009, the SOA Doctoral Stipends Awards Committee named the five recipients of the 2009–2010 doctoral stipends: Maciej Augustyniak; Rob Erhardt; Tao Guo, ASA; Jared Klyman, FSA; and Mike Nielson, FCAS.

“I am extremely pleased with the Society of Actuaries’ success in attracting so many excellent candidates,” commented Past-President Cecil D. Bykerk, FSA, FCA, HonFIA, MAAA. “It is rewarding to see such strong interest in the actuarial profession,

and our recipients have captured the heart of the goal of our academic initiatives: encouraging actuaries who can balance research, education and service to the profession in an academic setting.”

### CHARTERED ENTERPRISE RISK ANALYST (CERA) CREDENTIAL

The introduction of the Chartered Enterprise Risk Analyst (CERA) credential in 2007 marked a milestone in the profession’s overarching effort to have actuaries recognized as qualified leaders in enterprise risk management (ERM) in both the traditional and broader financial services sectors. Within just three years of launching the most rigorous and comprehensive ERM credential in the marketplace, the CERA credential has been issued to 600 actuaries worldwide, adopted by 13 other actuarial organizations globally and aggressively marketed to raise visibility in the marketplace.

#### Global CERA Credential

In November 2009 the Society of Actuaries signed a treaty with 13 other international actuarial organizations to establish the CERA credential as the globally recognized enterprise risk management credential. SOA President S. Michael McLaughlin, FSA, CERA, FIA, MAAA, stated that this move is a significant endorsement by the global actuarial profession of the need

600+ volunteers are the core of the education function at the SOA.

Serving more than 30,000 candidates annually.

## CECIL D. BYKERK ON THE DOCTORAL STIPEND

“I am extremely pleased with the Society of Actuaries’ success in attracting so many excellent candidates,” commented Past President Cecil D. Bykerk, FSA, FCA, HonFIA, MAAA. “It is rewarding to see such strong interest in the actuarial profession, and our recipients have captured the heart of the goal of our academic initiatives; encouraging actuaries who can balance research, education and service to the profession in an academic setting.”





The signatories of the global CERA treaty. Shown from left to right: Ralph Blanchard, Casualty Actuarial Society (U.S.); Malcolm Campbell, Svenska Aktuarieföreningen (Sweden); Nigel Masters, Institute of Actuaries (United Kingdom); Tsutomu Igarashi, Institute of Actuaries of Japan; Mike McLaughlin, Society of Actuaries (U.S.); Eberhard Mueller, Deutsche Aktuarvereinigung e.V. (Germany); Fred Rowley, The Institute of Actuaries of Australia; Bob Howard, The Canadian Institute of Actuaries / Institut Canadien des Actuaire (Canada); Juan Carlos Padilla, Colegio Nacional de Actuarios A.C. (Mexico); Peter Doyle, Actuarial Society of South Africa; Ragjish Sagoenie, Het Actuarieel Genootschap (Netherlands); Ronnie Bowie, Faculty of Actuaries (United Kingdom); Thomas Behar, Institut des Actuaire (France).

for an international ERM credential. It sends a strong message to employers and candidates that the skill set of actuaries provides significant insight and risk management expertise, especially in this time of increased globalization.

“The adoption of the CERA as a globally recognized credential, and the respect that will gain from employers and clients, immediately strengthens the credential’s value for all CERA credential holders and will build the supply of actuaries ready to meet the worldwide demand for risk management expertise,” McLaughlin said. He added, “Since the recent G20 meetings in Pittsburgh, the concept of combining strong technical skills with professional standards of conduct has been gaining ground. This credential, and the discipline it represents, addresses that need directly.”

In the future, the designation will be awarded through qualified participating associations and will incorporate and adopt the name of the CERA credential currently issued by the SOA. It will recognize actuaries globally who meet stringent education requirements in ERM and are governed by a strong code of professional conduct.

You can learn more about the treaty by reading the Companion Guide at [www.soa.org/cera-treaty](http://www.soa.org/cera-treaty).

### CERA Marketing Efforts

The SOA aggressively marketed the CERA credential in 2009, utilizing a multi-pronged approach to reach key audiences. To raise awareness among traditional and non-traditional employers, we published full-page advertisements in such magazines as *Best’s Review*, *Risk Management*, *CFO* and *Harvard Business Review*. We also attended industry conferences such as The Conference Board’s Enterprise Risk Management Conference, the CFO Rising East & West Conferences, RIMS Annual Conference and American Bankers Insurance Association’s Annual Conference.

The SOA has also been actively marketing to members, candidates and students. In 2009, we attended the Financial Management Association’s Finance Leaders’ Conference, the Association of Collegiate Business Schools and Programs Annual Conference and the Federation of Business Disciplines Annual Conference to reach university students and faculty. We also reached out to our members and candidates through e-blasts, advertisements and articles in Section newsletters and *The Actuary*. Going forward, we will continue engaging ASAs and FSAs about the importance of enterprise risk management in the global marketplace and the CERA credential itself. **A**

## PATHWAY TO MEMBERSHIP

In November 2008 the SOA launched a reorganization of content on [soa.org](http://soa.org)’s Education Web pages to better meet candidate and member needs. To further enhance candidate understanding of the Education system, the SOA added a new interactive Web tool—“Pathway to Membership.” The Pathway to Membership is intended to clearly

display the requirements for attaining a designation; it also offers suggestions about the order in which they might be approached.

Check out Pathway to Membership at <http://www.soa.org/education/exam-req/>.

# Expanding THE ACTUARIAL Knowledge Base



## ACTUARIAL MARKETPLACE SOLUTIONS

**TO REMAIN STRONG AND VIBRANT**, the actuarial profession must continue to grow and develop in dynamic ways. To that end, the Actuarial Marketplace Solutions (AMS) team is responsible for helping develop intellectual capital, for supporting the basic and continuing education systems, and for supporting the Sections.

Recognizing the subject matter expertise that exists within the ranks of the SOA membership, Sections issued three calls for essays and one call for papers in 2009. The responses were impressive.

- The Health Section published a collection of 29 essays from actuaries, health care professionals and academics titled “Visions for the Future of the U.S. Health Care System.” The essays covered a wide array of health care issues with four underlying angles: general reform and restructuring of the health care system; risk pooling and risk-adjusted payments; evidence-based medicine; and more efficient cost and care. The essays also emphasize the roles that actuaries can play with regard to health care reform. Media coverage from these essays included

reference on *CFO.com* and mention in several prominent health care blogs and e-newsletters. The essays can be viewed at [www.soa.org/healthessays](http://www.soa.org/healthessays).

- In June the Entrepreneurial Actuaries Section issued a call for essays that attracted submissions from multiple countries, multiple disciplines and multiple Sections. Select papers will be published in *The Independent Consultant* electronic newsletter in 2010, and the December 2009/January 2010 issue of *The Actuary* featured an essay submission on “A New NHL Salary Model.”
- The economic crisis that dominated the news during 2008 and 2009, the expansion of technology, changing accounting standards, access to capital and changing demographics are some of the challenges facing the life insurance sector. To provide a catalyst for discussion and to showcase the thought leadership of actuaries, the Financial Reporting, Product Development and Reinsurance Sections sponsored “Life Insurance 2020 Foresight—A Call for Essays.” Members responded by authoring short essays with their unique and thoughtful visions of the future. These essays received coverage in several publications including *Treasury &*



Section volunteers provide more than 75 percent of the SOA's professional development programming.

*Risk*, as well as a byline by member Max Rudolph in *National Underwriter Property & Casualty*.

- The Pension Section held a two-day symposium on public pension plan financing as an outgrowth of its call for papers. The event brought together actuaries, academics, public plan administrators, investment professionals and others for a lively discussion on this challenging topic. An electronic monograph will publish in the first quarter of 2010 covering a range of topics including liability measurement and risk management techniques.

A relatively new concept for the SOA, these calls for essays presented members with a wider opportunity to write and have their subject matter expertise recognized. "The high caliber of papers received is a testament to the thought leadership and unique perspectives that exist within the actuarial profession," said Mike Boot, FSA, MAAA, FCA, managing director of AMS. "It also highlights the profession's ability to be nimble and respond to relevant current issues." Many of the essays and papers have been picked up by the media and quoted in business publications, providing additional exposure for the profession.

### PROFESSIONAL INTEREST SECTIONS

With the formation of the Social Insurance and Public Finance Section in 2009, the SOA now boasts 19 special interest Sections. To date, 65 percent of members belong to at least one Section, and many find that once they join they see the benefit in joining multiple Sections.

The Social Insurance and Public Finance Section was formed and reached 200 members in record time—three months. "This represents a milestone," said Boot. "Three months is the shortest amount of time for any Section to reach the minimum membership requirement."

Sections are the grassroots arm of the SOA, producing 95 percent of the more than 100 sessions that were part of the 2009 Annual Meeting. Sections also contributed to 75 percent of the SOA's planned 29 webcasts in 2009. Finally, Sections increased their influence in topical research and contributed nearly \$400,000 toward research projects.

Sections embarked on significant thought leadership projects that will have long-term impacts to their members:

- The Health Section is leading a research effort to identify and understand untapped opportunities for actuaries, a 2009 initiative. In 2009, the Health Section pursued specific market research efforts, looking not only at traditional roles but also at the open horizons for expanding what actuaries can and should be doing in the changing health industry.
- Retirement 20/20, an initiative of the Pension Section, seeks to bring together experts in retirement issues to design a new retirement system from the ground up. It is intended to generate new retirement solutions that meet the economic and demographic needs of the 21<sup>st</sup> century. In 2009, the Pension Section issued a call for models that resulted in approximately 20 proposals, with papers submitted at year end.

# Anticipating risk THROUGH unique insight

# Professional Development



**IN A DYNAMIC AND RAPIDLY** changing world, actuaries must continuously expand their knowledge and skills in order to meet increasingly complex problems and to enhance the value added by actuarial work. The SOA recognizes its responsibility to provide members with a broad range of opportunities to enhance their skill sets and help advance their careers.

The Professional Development (PD) department has been hard at work assessing the quality of programs offered to members, increasing the frequency of offerings, increasing the use of technology and implementing a competency framework designed to guide actuaries in making decisions related to their individual professional development and career management plans. Nearly 7,000 people attended SOA events in 2009 and an estimated 12,000 participated in webcasts. The Annual Meeting saw very strong participation with more than 1,900 attendees. For the first time participants who were unable to attend the meeting in person were able to login from their desktops, view four of the live meeting sessions and participate through open question and answer segments. These new virtual sessions allowed more than 1,200 additional members to

take part in professional development opportunities. "Increasing access to professional development is one of our primary goals," said Lorri Rosenfeldt, managing director of professional development.

## REDESIGN OF PROFESSIONAL DEVELOPMENT (PD) PROGRAM

The SOA Board of Directors approved a redesign of the PD program at the October 2009 meeting. A new Professional Development Committee will oversee the PD program to meet the diverse needs of the profession. The committee members will assess, analyze and propose strategies for developing PD programs aligned with the Competency Framework for Actuaries and the overall mission and goals of the SOA.

## COMPETENCY FRAMEWORK

In 2008, the SOA Board approved and supported the development of a competency framework as a strategic initiative. The primary purpose for building a competency framework is to guide systematic and sound approaches to designing, developing and delivering effective PD opportunities. The SOA began applying the

## KEY MEETINGS

MEETING	# OF ON SITE ATTENDEES
ANNUAL MEETING	1909 ATTENDEES
ERM SYMPOSIUM	444 ATTENDEES
HEALTH SPRING MEETING	735 ATTENDEES
INVESTMENT SYMPOSIUM	223 ATTENDEES
LIFE SPRING MEETING	349 ATTENDEES
VALUATION ACTUARY SYMPOSIUM	583 ATTENDEES
<b>TOTAL FOR 2009</b>	<b>4,243 ATTENDEES</b>

### The **Customer Service Center**

handled **154,000** Transactions in 2009:

- **25,000** answered phone calls
- **51,000** e-mail replies
- **78,000** processed orders into SOA database

# Providing THE EXPERTISE TO seize opportunities.

## CONTINUING PROFESSIONAL DEVELOPMENT (CPD) REQUIREMENT

The SOA introduced a mandatory CPD requirement beginning Jan. 1, 2009, the first time in the SOA's history that its credential has been subject to such a requirement. The Board of Directors determined that a CPD requirement would help ensure the knowledge-base of members remains current with advances in practices and procedures affecting actuarial careers.

Professional development opportunities are now more accessible than ever and members are able to participate in a wide array of continuing education opportunities. With the addition of 10 e-courses to our program of 28 webcasts, seven virtual sessions, 30 events and 9 seminars, the SOA provided access to more than 350 units of CPD in 2009. In addition, members can attend such events as industry conferences, seminars and conferences sponsored by research institutes, universities, think tanks, and public policy organizations, all of which may fulfill the CPD requirement.

Competency Framework for Actuaries to PD programs in 2009. The goal is to promote forward-looking professional development and lifelong learning that meets the needs of our members, their employers and the public.

The concept of a competency framework or model is not new or unique to the SOA. Many organizations develop competency models to benefit individuals, teams and the organization as a whole. For the SOA, implementing a competency framework provides members with a clear path for developing their own unique professional development opportunities.

For more information on the Competency Framework, see the related article appearing in the Feb./March 2010 issue of *The Actuary*, as well as visiting [www.soa.org/professional-development/competency-framework](http://www.soa.org/professional-development/competency-framework).

## KEY WEBCASTS

WEBCAST	# OF SITES
FINANCIAL REPORTING ISSUES AND CONSIDERATIONS FOR YEAR-END 2009	172 SITES
GLOBAL ERM WEBCAST	313 SITES
MARKET CONSISTENT EMBEDDED VALUE	289 SITES

## PROFESSIONAL DEVELOPMENT OPPORTUNITIES E-NEWSLETTER



The Society of Actuaries, in an effort to better communicate its professional development offerings, created an e-newsletter which it began

sending to members and candidates in July. The semi-monthly e-newsletter, *Professional Development Opportunities*, includes information on everything from meetings, seminars and symposiums to audio courses, webcasts and the new professional development e-courses. The e-newsletter is helping streamline the number of communications to members, who no longer receive individual e-mails promoting each professional development offering, and keeping candidates up to date on the latest programs.

# 2008 Financial Results and 2009 Financial Results (Oct. 31, 2009)



**THE SOCIETY OF ACTUARIES** is a non-profit organization—a financial entity with revenues and costs that must be carefully managed to succeed in fulfilling its mission. In setting the annual budget, the overall goal is to provide resources for ongoing operations and strategic initiatives, while maintaining membership equity at acceptable levels.

The 2008 results and future budgets reflect an investment in the actuarial profession and strategic initiatives determined by member and candidate research. The SOA seeks to provide significant value to members as well as the resources the organization needs to achieve its core goals and objectives for years to come.

The SOA has three principal revenue streams: member dues, examination fees and fees charged for professional development. Other sources of revenue include fees for experience studies and research, miscellaneous revenues and investment income.

Total revenues in 2008 were \$36.5 million; 2009 revenues are budgeted to be \$39.0 million.

Historically, basic education and professional development are not only self-supporting, but also contribute to and help cover research projects and operating costs. Membership dues have been used principally to fund the cost of providing services to members.

The SOA 2008 financial results showed a management-basis increase in net assets of \$2,313,000, slightly higher than the budgeted amount.

The 2009 budget continues to provide resources for the SOA to invest in the future of the actuarial profession. A comparison of the actual 2008 results and the Board-approved 2009 budget is shown in the accompanying chart.

The above figures use our management basis of accounting, which is slightly more conservative than GAAP. Membership equity for 2008 does not include an additional \$2.5 million of designated funds, which are mostly sections' surpluses.

## SOA FINANCIALS

REVENUES	(IN 1,000s)
2008 ACTUAL	\$36,503
2009 BUDGET	\$38,964
2009 ACTUAL THROUGH 10/31/09	\$28,183
2008 REVENUE DETAILS	(IN 1,000s)
EXAMINATIONS	\$19,258
DUES	\$9,551
PROFESSIONAL DEVELOPMENT	\$5,708
OTHER	\$1,986
<b>TOTAL</b>	<b>\$36,503</b>
CHANGE IN NET ASSETS	(IN 1,000s)
2008 ACTUAL	\$2,313
2009 BUDGET	\$2,158
2009 ACTUAL THROUGH 10/31/09	\$2,049
MEMBERSHIP EQUITY	(IN 1,000s)
2008 ACTUAL	\$21,130
2009 BUDGET	\$23,288
2009 ACTUAL THROUGH 10/31/09	\$23,179

Membership equity is measured against the following year's expenses, standing at 56.6 percent at the end of 2008. The current budgeted membership equity position of \$23.3 million is about 64 percent of annualized expenses. The target range of membership equity established by the Board is 50 to 100 percent.

Under the Board's leadership, the strength of the SOA's financial position will move strategic ideas forward and enhance our focus on the future of the profession.



# Welcome

## PRESIDENT MCLAUGHLIN



S. MICHAEL MCLAUGHLIN, FSA,  
CERA, MAAA, FIA

We are proud to introduce S. Michael McLaughlin as 2009–2010 president of the Society of Actuaries.

**MIKE MCLAUGHLIN** leads the U.S. life actuarial practice for Deloitte Consulting. Mike, who has led actuarial practices for more than 20 years, also oversees the coordination of the actuarial practices of Deloitte Touche Tohmatsu's (DTT) member firms.

Prior to joining Deloitte Consulting, Mike served as executive vice president and chief actuary of AXA Financial Inc. There, he managed all actuarial work that supported product pricing, valuation, earnings analysis and corporate projections. Additionally, he was responsible for underwriting, reinsurance, product filing and facilitating overall risk management.

Mike served as the national director of a Big Four organization's life/health insurance and actuarial services practice for 12 years. In his role there, he was a member of the global actuarial leadership team and was the project lead for numerous financial services industry clients, specializing in embedded value, merger and acquisition due diligence and best practice reviews.

Prior to his president-elect role of the Society of Actuaries, Mike served as chairperson of the Financial Reporting Section Council. He is also a Fellow of the Institute of Actuaries (FIA), a Fellow of the Society of Actuaries (FSA), a Chartered Enterprise Risk Analyst (CERA) and a Member of the American Academy of Actuaries (MAAA).

# BOARD OF DIRECTORS 2008-2009

## **PRESIDENT**

Cecil D. Bykerk, FSA, FCA, HonFIA, MAAA

## **PRESIDENT-ELECT**

S. Michael McLaughlin, FSA, CERA, FIA, MAAA

## **VICE-PRESIDENTS**

Mary J. Bahna-Nolan, FSA, CERA, MAAA

Tom Bakos, FSA, MAAA

Errol Cramer, FSA, MAAA

James M. Glickman, FSA

Mary R. Hardy, FSA, CERA, FIA

Donald J. Segal, FSA, EA, FCA, MAAA

## **SECRETARY/TREASURER**

Errol Cramer, FSA, MAAA

## **PAST PRESIDENTS**

Edward L. Robbins, FSA, MAAA

Bruce D. Schobel, FSA, FCA, MAAA

## **BOARD MEMBERS**

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Anne M. Button, FSA, EA, MAAA

Steven W. Easson, FSA, FCIA

William J. Falk, FSA, FCA, MAAA

Christopher J. Fievoli, FSA, FCIA

Mark J. Freedman, FSA, MAAA

Jeremy Gold, FSA, CERA, FCA, MAAA

Philip Gold, FSA, FIA, MAAA

R. Dale Hall, FSA, CERA, MAAA

Shiraz Jetha, FSA, CERA, FCIA, MAAA

Allen M. Klein, FSA, MAAA

Tonya Bowman Manning, FSA, EA, FCA, MAAA

John O. Nigh, FSA, CERA, MAAA

Alice Rosenblatt, FSA, CERA, MAAA

Francis P. Sabatini, FSA, CERA, MAAA

Sim Segal, FSA, CERA, MAAA

Martine Sohler, FSA, FCIA

Thomas S. Terry, FSA, EA, FCA, MAAA

## **RETIRING BOARD OF DIRECTORS**

We would like to recognize the Board members whose terms have expired and thank them for their dedication and tireless efforts in serving the needs of the membership and the actuarial profession.

## **PAST PRESIDENT**

Edward L. Robbins, FSA, MAAA

## **VICE-PRESIDENTS**

Mary J. Bahna-Nolan, FSA, CERA, MAAA

Mary R. Hardy, FSA, CERA, FIA

## **BOARD MEMBERS**

Jeremy Gold, FSA, CERA, FCA, MAAA

Shiraz Jetha, FSA, CERA, FCIA, MAAA

Francis P. Sabatini, FSA, CERA, MAAA

## **2009-2010 BOARD OF DIRECTORS**

We would also like to welcome the 2009-2010 members elected to the Board in August 2009. It is important to note that this election marks the first time in SOA history that five-year ASAs have been allowed to vote for the Board of Directors.

## **PRESIDENT-ELECT**

Donald J. Segal, FSA, EA, FCA, MAAA

## **VICE-PRESIDENTS**

Mark J. Freedman, FSA, MAAA

Tonya Bowman Manning, FSA, EA, FCA, MAAA

Sim Segal, FSA, CERA, MAAA

## **BOARD MEMBERS**

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C. Ian Genno, FSA, CERA, FCIA

Jennifer L. Gillespie, FSA, MAAA

Valerie A. Paganelli, FSA, EA, MAAA

Ronald L. Poon-Affat, FSA, CFA, FIA, MAAA

Jim Toole, FSA, CERA, MAAA