



SOCIETY OF ACTUARIES

Article from:

The Actuary

October/November 2010 – Volume 7 Issue 5



The Sections

GREATEST HITS

1981-2010

FROM HOW THEY BEGAN to where they are going—a look at the SOA's sections BY MEG WEBER

FLASHBACK—1981. Newly elected President Ronald Reagan appointed the first woman, Sandra Day O'Connor, to the Supreme Court. Going to Starbucks meant 1912 Pike Place in Seattle for several more years. Quebec enacted the French language sign law. Also in Canada, liters of gasoline replaced gallons at the station. Powerful earthquakes shook Greece and China. Five men in Los Angeles were diagnosed with a rare form of pneumonia seen only in patients with weakened immune systems (the first cases of AIDS). The first DeLorean sports car with its stainless steel body and gull wing doors rolled off the assembly line in Ireland. And this was the year the first SOA section, the Health Section, was launched. New members and section leaders were energized! From the grassroots, individuals could now contribute to their area of expertise in the profession.

The “early adopter” members waited another two years for the postman to deliver their first *Health Section News* newsletter. The newsletter, produced annually, included problems and case studies to be answered in the next issue. Members also received a typed list of all fellow section members and contact information for networking purposes. (Council members and officers additionally appeared in the SOA Yearbook.) And that was about the extent of the benefits for the \$6 dues.

But despite the initially slim portfolio of benefits, the concept of sections had strong appeal. Sections meant “home” for members looking for people of similar interests in the larger organization of the SOA. Very quickly the Health Section was followed by the formation of the

Financial Reporting, Futurism,¹ Pension, and Product Development sections, all with similar member benefits. All these sections were an outgrowth of the 1979 Task Force report to the Board which envisioned sections as, “a group of members organized to study and discuss their common functional and/or professional interests and to contribute information on those interests to the actuarial profession through special meetings, seminars and research projects.” Ten signatures on a petition and Board approval was (and still is) all it took to get started. And in these aspects, purpose and formation, sections have not changed.

EARLY GROWTH

Throughout the 1980s and 1990s, new sections continued to be formed. They were created by members—for the members. Their focus was their special interest or practice and less so the overall organization or profession. But as the number of sections grew as well as their membership, so did their influence. Section outputs in continuing education, research and publications as well as the increased involvement of their members greatly added to the development and transfer of knowledge for the Society of Actuaries. By the early 2000s, section energy outstripped the traditional practice area organization of the SOA. In 2005 the two were merged.

SOA sections differ from most of their counterparts in other professional organizations. Some have a much looser connection to the parent organization. SOA sections resemble strong corporate business units. Like Ford Motor Company supports product lines as diverse as Mustang and Hybrid Escapes,

within certain parameters, our section leaders plan and execute tactics with a great deal of autonomy. Their efforts contribute to the overall actuarial brand. The SOA staff and resources act as “shared services” to support the infrastructure issues for the sections. Significantly, via continuing education events, sections generate considerable non-dues income. In fact, several SOA sections have both the financial resources and memberships that would be the envy of many not-for-profit organizations.

PRESENT DAY

Fast forward to 2010. Barack Obama is president. Starbucks offers unlimited and free Internet in more than 12,000 U.S. and Canadian locations. GM begins phaseout of Pontiac, which follows the Oldsmobile and Saturn product lines. There are three women on the Supreme Court. The latest “epidemic” in the United States is obesity. Apple opens a flagship store in Shanghai. And, the Social Insurance & Public Finance Section celebrates its one-year anniversary.

The world has certainly changed in 30 years and so have sections. Did the merger of sections and practice areas work? Recently at the request of the SOA Board Finance Committee, SOA Staff reviewed the cost/benefit of the section organization. What is the section influence in 2010?

With 19 sections and nearly 35,000 section memberships, sections continue to attract like-minded individuals to their organizations. Networking electronically or face-to-face helps build and cement relationships. At major meetings, such as the 2010 Annual Meeting, there may be as many as 20 such networking events. Sections, under the leadership of their councils, are essential for content and delivery of SOA

FOOTNOTES:

¹ Now the Forecasting & Futurism Section.

continuing education. Frequently sections pay for professional speakers at SOA events—individual sessions and even contributions for keynotes. Using SOA publication resources, each section produces two to four newsletters (electronic and/or printed) per year. Some also produce journals, bulletins, essays on critical issues, and papers. For the SOA, the sections serve an important role identifying emerging issues in strategic areas.

Retirement 20/20 and Untapped Opportunities for Actuaries in Health strategic initiative were initiated at the section level. Many sections partner with other professional organizations such as the American Academy of Actuaries, the American Bar Association, LOMA/LIMRA and PRMIA, to name a few. This strengthens relationships for the SOA and the credibility of the profession. In aggregate, in addition to recommending and overseeing projects, each year sections commit significant funds toward research. Most importantly, the Section orga-

nization provides an effective means to recruit qualified volunteers to work on teams, projects, or presentations when needed. Clearly sections and their success are now vital to the SOA organization.

MORE TO THE STORY

There is another compelling reason why we should be interested in maintaining or increasing SOA member participation in sections. Per the 2009 SOA membership survey, people belonging to sections reported greater satisfaction with the services of the SOA.² Therefore, it is imperative we keep looking forward to ensure continued section relevance as the SOA membership and the world we live in change.

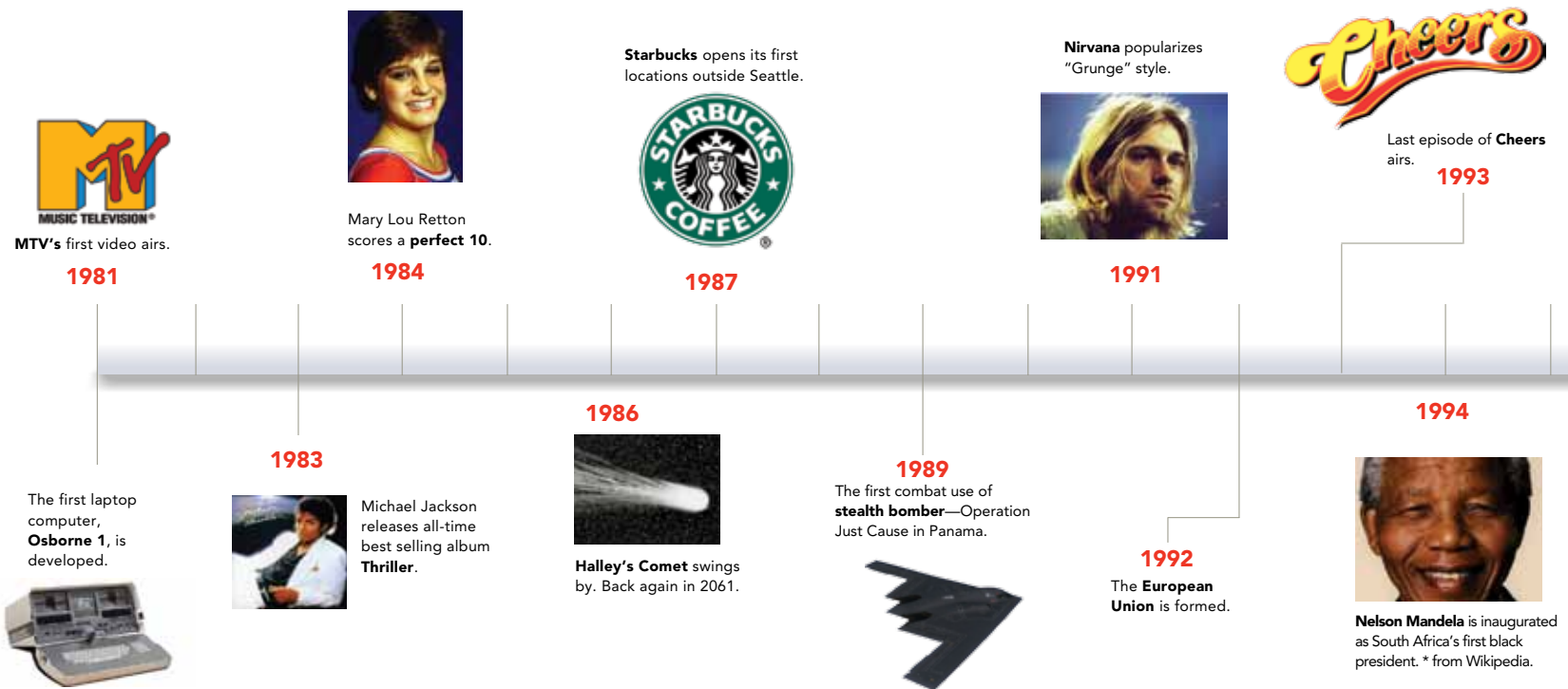
FOOTNOTES:

² To be truly happy, join the Taxation, Smaller Insurance Company, Reinsurance, or Financial Reporting sections. Their members were the most satisfied with the SOA.

The section membership relationship to the SOA is more like a customer relationship. Each year you make a decision to join or retain your memberships based on your perceptions of value (with the average dues amount being \$25). This may surprise you. Whether it is paying section dues or purchasing a luxury car, for all the analysis and evaluation, typically the decisions to buy or join are emotional ones.

WHY PEOPLE JOIN—IN THEIR WORDS

It is an easy trap as a provider of services to make assumptions about what the members think is important. As Mark Yu, 2010 chairperson of the Actuary of the Future Section, puts it, “We need to align our focus with members’ perceived value. It’s what members/customers want that counts, not what we have to offer.” For that reason the Section Membership Value Team was created to review costs and benefits from your individual member perspective. The team was formed from members of the Council of Section Chairs. The Membership Value Team



Memorable moments from 1981 to 2010

had several surveys to work from: the 2009 SOA member value survey, four recent section member “pulse” surveys, and also their colleagues in the Council of Section Chairs. Despite the different sources, the reasons for joining a section are the same. They are:

Section membership ...

1. Enhances personal brand/image,
2. Provides direct communications based on areas of interest,
3. Improves opportunities for networking,
4. Provides an avenue for greater SOA participation, and
5. Makes everything possible (altruism).³

INTERNATIONAL ORGANIZATION

Sections stem from the grassroots. Their annual activities are determined by the current coun-

cils within the broadly defined missions. As a consequence, some sections address topics that are far more adaptable to an international member base than others. Currently the four sections with the most appeal to non-U.S. members are: Financial Reporting, Product Development, Joint Risk Management, and the International sections. Joint Risk Management is actually co-sponsored by the Canadian Institute of Actuaries. It, along with the Education & Research and Pension sections, has always enjoyed higher participation by Canadian members than some sections. Plans are in place to attract more international section members. However, some sections will likely remain primarily U.S.-focused, some North American-focused, and others worldwide.

FUTURE PLANS

Looking at the time spent and commitment of all the team members (as well as other section leaders and volunteers) should tell you we all believe sections are a great value not only to

SOA members but nonactuaries as well. The section leaders, staff and the Member Value Team will continue to explore and develop new ideas. Opportunities using social networking and new applications for Section Web pages are being piloted. Obtaining feedback from our members and benchmarking with other organizations provides more ideas pertaining to benefits and service delivery. If you have ideas or challenges you would like to share, please feel free to contact me or any other member of the Member Value Team. They are: Alan Cooke (International), Larry Stern (Entrepreneurial Actuaries and Reinsurance), Judy Strachan (Health), and Mark Yu (Actuary of the Future). We welcome your participation in the process. **A**

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FOOTNOTES:

³ Makes everything possible in terms that the dues paid enables the Section to take action.

