



SOCIETY OF ACTUARIES

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## Section Chair's Notes

by Shirley Hwei-Chung Shao

When approached to write an article as the chair, I tried very hard to remember what kind of articles the previous chairs had written. The only one that came to mind was from Craig Raymond (two chairs ago for anyone who is tracking) about a big hole in his backyard. While I don't recall his point (I am sure there was one), it made an impression on me, which is not easy for this type of article to do. However unmemorable my own article may turn out to be, I would like to first say that it has been a most memorable experience for me to serve on the Council and as the chair.

Our Section has nearly 4,000 members of which 92% and 8% are from North America and elsewhere, respectively. The Council serves members' needs related to financial reporting through a variety of activities. The ongoing activities include newsletters, seminars, and sessions at the SOA meetings. In addition, in 1999 the Council is focused on:

- Working with the E&E Committee to ensure that financial reporting needs are covered and to the extent to which they are not, the Council will step in and fill the gap
- Preparing a book on GAAP for financial professionals
- Expanding our exchanges with the financial actuaries abroad
- Bringing more discussions, and hopefully more consensus, on the fair valuation of liabilities
- Seeking ways to respond to the "big tent" proposal
- Creating fun for our members at the 50<sup>th</sup> SOA anniversary meeting

The Council works very diligently and closely to initiate and execute these activities. I would like to thank the wonderful Council: Mike Eckman, Larry Gorski, Mike Lombardi, Karen MacDonald, Steve Preston, Howard Rosen, , Ed Robbins

(treasurer) and Mike McLaughlin (vice chair) for their devotion. Following are highlights of our activities this year.

### Newsletter

Our most visible activities are related to the publication of this newsletter (about 3-4 times a year). This year, Tom Mitchell will retire after serving two years as the editor. A substantial amount of effort and energy is required to be as successful as Tom has been. Tom is very resourceful, persistent and yet easy to work with.

Tom Nace will succeed Tom Mitchell as our new editor. Tom is well qualified with many years of experiences in different areas. Most importantly, he is enthusiastic about this role and has already helped out with this issue. I only have one complaint about this appointment: he is the third consecutive Tom in the role as the editor, starting with Tom Herget.

### Seminars

The Council creates and puts together seminars on topics that are of interest to our members. So far this year, we have sponsored two seminars for which I had the opportunity to work with many people who worked very hard to make them a success. One seminar was co-sponsored with the Caribbean Actuarial Association, where we exchanged our thoughts on solvency issues and the role of actuaries. Benefiting from multiple cultures, I am interested in promoting the exchange of professional activities and educational opportunities with our counterparts around the world.

In the last couple of years, we have extended our seminars to Asia and South America. The 8% of our members outside the North American area have been underserved in the past, and hopefully this is the beginning of reaching out to members globally.

The other seminar, co-sponsored with the Finance Practice area, was on Fair



Value of Insurance Business (second conference). Fair valuation is the cornerstone of many things we do, such as accounting, ALM, risk management, and investor's values. I am a strong believer that actuarial professionals have to move forward with these issues. Please read more about these seminars in this newsletter.

The upcoming attractions are seminars on basic GAAP, advanced GAAP (Mike McLaughlin), a seminar in Mexico, a joint seminar with the International Section (Ed Robbins), Eastern European seminar (Shirley Shao), and possibly joint seminars with the Investment and Product Development Sections (Howard Rosen).

### Spring and Annual Meetings

The Council sponsors about 15 sessions at each SOA meeting. The sponsorship involves coming up with hot topics, recruiting, and sometimes doing the sessions. John Bevacqua and Anna Manning helped coordinate the Spring and Annual meetings respectively for the Council.

To celebrate the SOA's 50<sup>th</sup> anniversary, Mike McLaughlin has prepared a monograph with articles from *The Financial Reporter* and other publications. This monograph will be a special gift for our members to be passed onto future generations.

Of course, we have to party too. Lois

Chinnock from the SOA looked into many possibilities before finding an old-fashioned river boat for our members. This party cruise will be on Sunday evening (October 17) before the annual meeting. We will enjoy the beautiful view of the bay, good food and drinks and the excellent company. Don't miss this wonderful party.

### Examination & Education

The new examination system will be in place in year 2000. We must ensure a smooth transition that provides adequate support to our future financial actuaries as well as to employers. Larry Gorski has been involved in studying the implications of the new syllabus from financial reporting perspectives. In fact, he is writing part of the new syllabus. Additionally, he is

claiming credit for the original idea, but more importantly, this illustrates what the Council can do and why I have enjoyed my experience with the Council.

### Research

The Council looks for research proposals that may be beneficial for our members. The insurance and financial services industry is rapidly changing, and actuaries need to be responsive to change in order to be recognized as the leading professionals in the modeling and management of financial risk. We need to be more focused on forward-looking activities such as research.

It may be hard to believe, but we have had difficult time finding/funding proposals, despite Howard Rosen's continuing efforts. One recent idea under SOA

the lowest at the SOA Sections) and to give seminar discounts to our members.

The above are the major activities the Council is involved in this year. Please feel free to contact me or Lois Chinnock at the SOA with your thoughts and comments.

I have the pleasure of meeting some members in this role. I would encourage members to continue to provide input to the Council on how it can best serve members' needs. I also really enjoyed working with the Council members mapping out our visions, brain storming ideas, debating perspectives, and executing plans. This is a very effective Council with a can-do attitude and good humor. I will definitely miss my Green Jacket after my term ends this year. Tom Herget instituted the tradition of a Section Green Jacket from his own funds after he became fed up with my constant effort to oust him from the chairpersonship before his time (time as defined by Tom). The jacket is in green to symbolize my hunger for the chair's green ribbon and is size 20 to make me swim in it. Mike McLaughlin, the incoming chair, has been inquiring about the jacket and the time to transit. Well, I will always be a loyal Section member!

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looking for ways our Section may provide more emphasis on professional development and continuing education. We may have to do more seminars, for example.

I am also very proud to announce that our Section will sponsor a GAAP textbook focused on actuarial issues. Tom Herget, our last chair, is the editor who plans to accomplish this huge task in about one and half years. Anyone who knows Tom knows that he gets things done. This will be a great service to our members, as evidenced by the popular basic and advanced GAAP seminars we run every year. This is the first such project that the Council has taken on.

The idea of doing a GAAP textbook came from my own painful experience of learning GAAP three years ago. I started with one textbook that was 30 years old and supplemented it with various SOA study notes, and *Financial Reporter* articles. It seemed to be an unnecessarily confusing learning process. I guess I am

President Howard Bolnick's Big Tent proposal is to fund research projects in target colleges.

### Web Page

Our Section has a website page which currently contains our newsletters. Larry Gorski is investigating how better to use this page to enhance communication between our members.

### Financial

Since the Council is run by financial actuaries, our Section's surplus has been very healthy. I remember the first topic at my first Council meeting two years ago was what to do with all this surplus. Our surplus has grown even higher since then. However, under my leadership, I am happy to report that several initiatives such as the GAAP text book, 50<sup>th</sup> anniversary activities, and international seminars, will mitigate this problem. We have also decided not to raise the dues (our dues are among

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