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SOCIETY OF ACTUARIES

theactuary

2003 year in review



theactuary

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Vol. 37, No. 10
Year in review 2003



Jay Novik
Editor responsible
for this issue

Editor

Jay A. Novik, FSA
jay.novik@bdglt.com

Associate Editors

Phil Bieluch, FSA
phil@bieluch.com
Morris Fishman, FSA
morris.fishman@prodigy.net
Loretta J. Jacobs, FSA
loretta.jacobs@cna.com
Alan N. Parikh, FSA
alan.parikh@mercer.com

Contributing Editors

Anna M. Rappaport, FSA
anna.rappaport@mercer.com
Robert D. Shapiro, FSA
shapironetwork@ameritech.net

Puzzle Editors

Louise Thiessen, FSA
lthiessen@shaw.ca
Stephen Kinsky, FSA
stephen.kinsky@equitable.com
Gregory Dreher, ASA, MAAA
gregory_dreher@conseco.com

Society Staff Contacts: 847.706.3500

Clay Baznik, Publishing Director
cbaznik@soa.org
Jacque Kirkwood, Communications Associate
jkirkwood@soa.org
Bryanne Summers, Graphic Designer
bsummers@soa.org

**The Actuary welcomes articles and letters.
Send correspondence to:**

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SOCIETY OF ACTUARIES

475 North Martingale Road, Suite 600
Schaumburg, IL 60173-2226
Web site: www.soa.org

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Neil A. Parmenter, FSA, President
Board Advisory Group on Publications
Shirley Hwei-Chung Shao, FSA
Tom Bakos, FSA

R. Thomas Herget, FSA
Richard Q. Wendt, FSA

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Send subscriptions to: Society of Actuaries, P.O. Box
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Membership Statistics—as of Nov. 21, 2003

Membership—11/1/02

Fellows 9,723
Associates 7,341
Total 17,064

Membership—11/21/03

Fellows 10,035
Associates 7,358
Total 17,393

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A profession in transition

by Harry H. Panjer—Address at the presidential luncheon October 28, SOA Annual Meeting in Orlando



Harry H. Panjer

I am honored to stand before you today, just as honored as I was one year ago, when I first assumed the presidency of the Society of Actuaries.

For the past year I've felt very much like the captain of a giant ship. The success

Random events are our business. We thrive on risk; we measure it; we mitigate it; we manage it; and we exploit it.

of this past year's voyage depended on many people, some of whom worked behind the scenes, some of whom I worked closely with on a daily basis.

Three of those key persons are easy to identify: First, Jim MacGinnitie, your past president was my mentor on the ship's bridge. I took advantage of the wisdom he has acquired in his many leadership positions over the years. Second, Neil Parmenter, your incoming president, was out on the deck looking for changes in the weather or for any other hazard that might come floating out of the mist. And finally, Sarah Sanford, who ably led the crew and made sure that there was always enough fuel to get to where we wanted to

go. Her crew of 95 did all the work to make it happen. And behind the crew are the many volunteers on our more than 100 committees. It has been quite a year!

We encountered a lot of smooth sailing, some stormy seas and even a few hurricanes. SARS came and went—hopefully went. We experienced a record-setting power failure in eastern North America and devastating fires in Western North America. All these events had some actuarial implications. None were specifically anticipated, although as actuaries we always know something is likely to happen. The events were managed through advance warning systems, effective responses, risk management, risk hedging and sometimes good luck.

Random events are our business. We thrive on risk; we measure it; we mitigate it; we manage it; and we exploit it.

There have been many exciting changes in this past year that I want to tell you about.

Hence, the title of my address, "A Profession in Transition." Transition is all about change. It's about moving from one way of doing business to another. Change is either externally driven; that is, imposed on us whether we like it or not, or internally driven; that is, driven by the desire to do things better. We've experienced both.

I'd like to address what changes are in the works, why we need them and what I hope will be the result.

Risk management

As all of you who were in Boston last year may remember, one of my favorite maxims is "KNOWLEDGE IS POWER!" I

have believed that for many years, and I continue to believe it today. It is incumbent upon us as a profession, not only to advance our knowledge in traditional actuarial areas, but also in other areas that overlap our profession's interest. Growing our knowledge base will allow us to adapt, and to lead change where it can benefit our clients and the public at large.

This year, we have taken some good early steps in expanding our profession's knowledge base in the area of enterprise risk management. I want to especially point out the creation of the Risk Management Section. For the past two years, our Risk Management Task Force, under the leadership of Dave Ingram, had already mobilized many actuaries into working groups. In order to solidify our long-term commitment to risk management, I requested a group led by Board Member Mike McLaughlin to serve as a catalyst in getting a section set up. Well, it's done; it had its first meeting yesterday, here.

Your Board also directed the Education and Examination Committee leadership to investigate the development of a specialty track in risk management in the FSA exams in order to expand specialized knowledge in risk management to new fellows. This is well under way.

Risk management is a burgeoning field in its own right. Other organizations, especially the Global Association of Risk Professionals, and the Professional Risk Managers International Association, are vying to lead the whole risk management field.

On another front, the accounting profession, in particular the AICPA, through the Committee of Sponsoring Organizations of the Treadway Commission in the USA, is proposing that accountants and auditors be responsible for all risk measurement and management functions in all types of enterprises. They are

proposing a framework that focuses on policies and procedures, monitoring, responsibilities and compliance. Their draft document, released earlier this year, says almost nothing about risk modeling, risk management through diversification and hedging and capital requirements.

We, in the actuarial profession, have addressed their proposal with correspondence from the Academy, the SOA and the Casualty Actuarial Society. We have pointed out that actuaries have been measuring and managing risk for a long time. We model it and we manage it. We use risk as an opportunity. In creating a Risk Management Section and in taking the steps to help actuaries become more knowledgeable about broader enterprise risk management, we are not really creating a new discipline, but we are redesigning, redefining and expanding what we have done all along.

This past year, the SOA and the CAS co-hosted a hugely successful Risk Management Symposium in Washington. It was attended by many leading, non-actuary, enterprise risk managers. We have committed to make that symposium an annual event jointly sponsored with the CAS. We also conducted a small meeting with key prominent risk managers, some actuaries, some not, to discuss strategies for creating more risk management opportunities for actuaries. This year, we've also created opportunities for actuaries to be more prominent in the risk management literature. The electronic journal entitled *Financial Engineering News* is now carrying a regular feature entitled, "Topics in Actuarial Analysis." I and several other actuaries have published articles in this newsletter in the past year. We are creating awareness of what actuaries do in risk management. These developments are all responses to external forces that we ignore at our peril, and we're seizing the opportunity that they create.

Meeting employer needs

There are three areas where we've taken action in meeting employers' needs. First, in response to clear messages mainly from employers in the pensions practice area, I put forward a proposal to create more flexibility in how the ASA designation is achieved. At our first Board meeting this year, the Board approved that proposal.

Under the new requirements, rather than requiring actuarial students to complete Courses 1-6, students may substitute later exams for some earlier exams. This allows (but does not mandate) earlier specialization. It allows for earlier integration of the EA and CFA designations for ASA credit. Hopefully, this will encourage persons with the EA designation to complete the ASA and FSA designations. This should create a stronger profession and more valuable employees.

Second, we are committed to improving the services of the SOA to employers. We are continuing to conduct a series of

The research on image indicates that there is a need to improve the image of the actuarial profession in the marketplace.

meetings with small groups of employers in various practice areas. I'd like to thank the represented employers for their participation. If your company has not yet participated and would like to, please let me know.

Third, we've carried out the second round of Market Opportunities Research. Over 330 employers in both the traditional market and the broader financial services industry participated in formal interviews. The purpose of this research was to determine the image of actuaries and their skill sets in the eyes of employers in

both traditional areas of practice and in the broader financial services sector—including investment banking, commercial banking and mutual fund management.

About the image of actuaries, remember "About Schmidt?" The research on image indicates that there is a need to improve the image of the actuarial profession in the marketplace. We have lots of work to do in this area, especially in the broader financial services field. It will require a big investment of SOA resources, but it can pay big dividends for you, the member, as well as for future generations of actuaries.

International strategy

Last year in my inaugural address, I pointed out the potential rapid growth of the numbers of Society members outside Canada and the United States. The leading indicator of this trend is the number of candidates writing our early examinations. It is interesting to note that for the first time, last year, the proportion of international Course 1 exam passers exceeded that of Canada. The tremendous

—70 percent plus—annual rate of growth of international candidates for Course 1 is more than double that of the growth in the United States and Canada.

If this growth rate continues for the next two years, in 2005 we should expect 35 percent of Course 1 passers to be from outside Canada and the United States, 14 percent from Canada and just over half from the United States. Is this future growth rate feasible? I think it is. By far the greatest growth is in China. The insurance industry is still in its infancy; property and casualty actuarial practice

continued on page 6

A profession in transition

continued from page 5

has only really begun with liberalization in rating rules earlier this year. The five largest exam centers in the world for Course 1 in Fall 2003 are New York; Beijing; Seoul, Korea; Philadelphia; and Waterloo, Canada.

So in a decade, the demographics of our membership will be quite different. What should we make of this? I see it as a clear opportunity for the SOA. The Society is well positioned to be one of the leading bodies providing actuarial education internationally.

But expansion will also create serious challenges in meeting the needs of our members. In recognition of this challenge, the Board Advisory Group on International Issues, headed up by Stuart Wason, has been addressing the SOA's international strategy. You'll hear a lot more about this in the next few months as the Board develops specific policies and strategies.

Educational changes

By way of background, you might recall from the SOA's Task Force on Education and Qualification, that two working groups were formed in October of 2001 to redesign the education process, with a target of the year 2005 for implementation.

The key issues of the redesign were as follows. We need:

- To make the process more relevant to actuarial practice.
- To prepare actuaries for the future.
- To attempt to reduce travel time.
- To provide more practical application earlier in the candidate's career.

Those working groups presented their final framework to the Board of

Governors last June. Following a vote of support from the Board, the framework was presented to the membership and candidates in August. Alternative delivery methods such as "exams on demand" and computerized testing will be developed.

The ASA Course is a completely new element designed to replace primarily Courses 5 and 6. It will use Web-based technology as an innovative approach to learning this material. It is based on a "control cycle" approach to actuarial practice. This approach is being used for actuarial education in both the Australian and United Kingdom educational systems.

The control cycle concept was developed originally in a paper on insurance management control by Jeremy Goford. The ASA Course will provide an introduction to the control cycle concept and at the same time to broad financial security systems. Also, there will continue to be an Associateship Professionalism Course.

For fellowship, there are also some exciting changes. For the FSA designation, the candidate would be required to complete the following educational elements in addition to the ASA requirements:

- Two track-specific examinations.
- Several modules that will use the same Internet-based systems developed for the ASA Course.
- There will be a capstone module that may be a seminar and may also include the current Fellowship Admissions Course (FAC).

And finally, the Professional Development Component, as it exists in the current qualification system, is not included in this redesign proposal. The current E&E system is already developing an enterprise risk management specialty track prior to the implementation of the redesign. This reflects a confluence of the

creation of the new Risk Management Section with our growing responsiveness as an organization to the needs of our members in the risk management field.

There is still a lot of work to be done in setting up the new educational system. But the framework is in place. I especially want to thank your Vice President for Education Stuart Klugman for his brilliant leadership in this area.

Governance

A major Governance Audit was conducted starting in April 2003, in response to a concern that the SOA has not been responding as effectively as it could to a changing environment. The Governance Audit Task Force, chaired by Brad Smith, was formed, and they engaged an outside consulting firm to conduct this comprehensive audit.

The Actuarial Foundation

I'm a strong proponent of The Actuarial Foundation. So strong, in fact that I've been involved with the development of a parallel foundation in Canada and will be presenting the structure to the Board of the Canadian Institute of Actuaries immediately following this luncheon. Based on some very successful programs, I expect The Actuarial Foundation to thrive and reflect well on the entire profession. Over the past year, I have had the opportunity to meet and talk with many members of the Society.

I really enjoyed visiting many actuarial clubs, speaking and handing out diplomas at the fellowship admissions course and meeting the leaders of the other North American organizations. Even more exciting for me was the opportunity to travel and represent the Society in many countries including China, Japan, Hong Kong, Jamaica, Spain, the United Kingdom, Thailand, Australia, Germany, New Zealand, Mexico and Argentina. I had some interesting experiences.

One conference scheduled for April in China where I was to have been an invited speaker on the subject of insurance regulation was cancelled due to the outbreak of the SARS epidemic. A conference scheduled for July on the subject of enterprise risk management in Hong Kong was not cancelled. However, the topic was changed to SARS.

I spoke there on the subject of actuarial and epidemiological aspects of SARS. This fit my background well as I'd already been studying SARS and the associated risks. Much of my talk related to comparisons with the characteristics of the early part of the AIDS epidemic, about which I wrote between 10 and 20 years ago.

My key message in Hong Kong was: "If you are going to have an epidemic, SARS is the one to have." You may wish to think about this and speculate on why this is the case. Following the SARS outbreak in Hong Kong and China, I was, in fact, a bit concerned about my own health, after having been in major centers, some of which were being identified as hot spots such as the cities in Guangdong province, Hong Kong, Shanghai and Beijing in February. In the end I was okay, of course.

My financial health suffered though on a weekend in Shenzhen, China. I was robbed of all my credit cards, money and identification documents except for my passport, airline ticket, and thankfully, my SOA medallion.

Everywhere I went, I found very proud SOA members! They're just as proud of their membership as you are of yours. And I found great admiration for the Society by actuaries around the world. You should all be proud of where we are. I certainly am.

One of the things that I felt that we must do as a profession is to foster a sense of inclusiveness in our organization. In that vein, my only real disappointment this year was the initiative I had proposed which would have given voting rights to

five-year ASAs. The Board overwhelmingly supported this proposal. However, according to the constitution of the Society, 67 percent of the voting membership had to support the resolution in order for the constitution to be changed to allow these added voting privileges. The resolution received 63 percent support, a very disappointing result, and in my view,

And I found great admiration for the Society by actuaries around the world. You should all be proud of where we are. I certainly am.

a shortsighted decision. But, on the bright side, a similar resolution was supported by only 42 percent of members just over a decade ago.

So we've come some distance, but not all the way. I'll say it again—we need to concentrate on inclusiveness in our profession, not exclusiveness. I strongly urge you to consider this proposal again in the future.

We are a profession in transition. I've outlined a few changes that are in the works. Each is very significant, if not monumental. Each should help this profession prosper for years to come. We have a great history. But we mustn't suffer from the condition called "pernicious inertia." I urge each of you to support the SOA in seizing opportunities to respond to our changing professional environment. I urge you to be open to future proposals to secure a solid future for the profession.

Finally, I'd like to tell you how excited I am to be passing the baton to Neil Parmenter. Having had the opportunity to work closely with Neil this past year, I can tell you this—he is solidly committed to this organization. Neil's plain-speaking, no-nonsense style will serve the SOA well, and help to keep us on course as we embark on some very radical—for actuaries, at least—changes. I urge you all to transfer to him the support that you have

provided to me. I've certainly offered him my ongoing support.

And lastly, but of course, not least, I want to thank my wonderful and brilliant wife Joanne for putting up with me being away three or four days every week. She is herself a CEO with a demanding schedule. But she managed to make time for me

and to represent the SOA on many occasions. Thank you, Jo, for your wonderful support of me and of the SOA.

Thanks to all of you who I have worked with, spoken to, and, yes, argued with over the past year. We may not always agree, but we always respect each other and we respect each other's views. The level of commitment and support from you, our membership, is something that makes this organization so great and so strong.

Let's keep it up. 🙏

SOA shows gain of 5 percent for 2002; 2003 on target

by Robert M. Beuerlein, SOA vice president/secretary/treasurer

The Society of Actuaries' 2002 financial results showed a favorable management basis gain of \$941,000. This represents a gain of five percent. The continuing success is attributable to an increase in the number of exam candidates for the early exams, as well as several cost-saving initiatives implemented to make better use of e-mail and the Web in general. As a result of the organization's investment in the future of the actuarial profession and strategic planning, the 2003 budget is calling for a loss of \$105,000. Our current expectations are that this year will end with a favorable variance to budget.

Dues

A budget policy, which the Board has continued from the last several years, is that future dues should increase consistently with general inflation. For 2004, dues for fellows and for associates who became ASAs prior to 2001 will increase by \$10 to \$375, while dues for associates who became associates after 2000 will increase by \$5 to \$190.

Results and next year's budget

The summary of the budget for 2004, as approved by the Board in October, is compared in the chart with the 2002 actual and 2003 budget.

The figures are based on our management basis of accounting, which is slightly more conservative than GAAP.

The current budgeted membership equity position of \$9.8 million is about

		Amounts (In \$1000s)
Revenue	2002 Actual	\$ 20,406
	2003 Budget	20,312
	2004 Budget	22,196
Change in Net Assets	2002 Actual	941
	2003 Budget	(105)
	2004 Budget	(558)
Budget Member Equity as of 12/31/2003		\$ 9,792

47 percent of annualized expenses, compared with a targeted range of 30-50 percent. As previously noted, the actual results for 2003 are expected to exceed budget. This surplus position does not include the additional \$1.7 million of restricted funds (mostly sections' surpluses).

Over the last several years, the Board and management have been developing a more robust strategic planning process, the outcome of which is a strategic plan that will serve the SOA over a number of years. As this initiative has been underway, the Board has recognized that some of the build-up in surplus will be used to fund the plan as it is implemented. Therefore, the fact that the surplus is at the high end of the guideline is not cause for concern.

Four service segments

For financial management and budgeting purposes, the operations of the SOA are broken down into four service segments:

1. Basic education (E&E).
2. Continuing education (meetings and seminars).
3. Research (basic research and experience studies).
4. Member services, marketing, general overhead and other activities.

Historically, basic and continuing education have been expected not only to be self-supporting, but also to contribute to research and to help cover

overhead. Membership dues have been allocated partly to research and mostly to member services.

Basic education results were strong for 2002 due to the higher number of candidates in the early exams.

Continuing education results managed to exceed prior year's results. However,

As the year draws to a close, we expect the actual result to exceed the budget, a significant achievement given the difficult external economic environment.

the margin was below budget. Research was within budget for the year. Member services, as well as marketing and general overhead expenses, exceeded budget for the year due to the strategic planning process mentioned previously.

Strategic planning

A highlight of the past year has been the progress of the SOA Strategic Planning Process. With the current process, each new president will have less freedom to deviate significantly from the strategic initiatives the Board has agreed upon, making the implementation of the plan by the staff more effective and its financial impacts easier to budget and more consistent on a year-to-year basis.

Going forward

We approach the new year with increased uncertainty as a result of the soft economy. However, the Board believes that the financial condition of the organization remains strong. In fact, as a result of the soft economy, combined with the position of "actuary"—once again identified as one of the top jobs in the country—seems to be behind an increase in exams being administered.

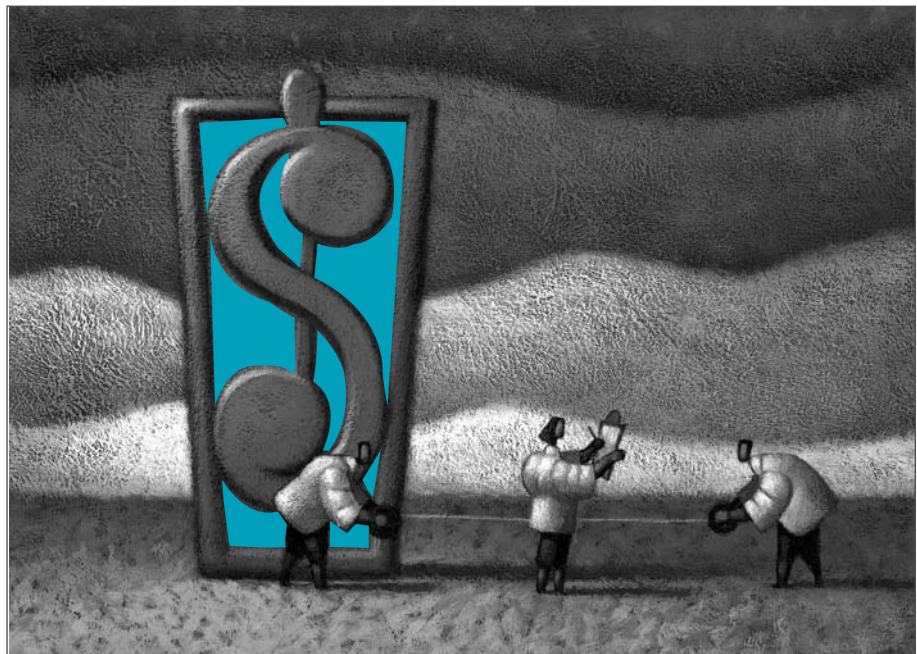
Additionally, we have seen a marked increase in the international segment of

the SOA's population. For example, of the current Course 1 exam takers, approximately 19 percent reside outside of Canada and the United States—an increase from 11 percent three years ago.

Continuing education (CE) continues to show strong results even in a soft econ-

omy. CE is now partnering with others to provide valuable, timely content for seminars and symposia. Concerns over the fact that attendance at CE events may be inhibited by travel costs for far-flung members have been addressed by adding more webcasts. The webcasts of CE events have initially proven extremely popular, and it is expected that the trend should only continue.

In conclusion, the budget for 2003, as it was drafted, was felt to be fiscally responsible while meeting two key objectives: first, provide significant value to members and other financial supporters and, secondly provide the needed resources for the organization to achieve its core goals and objectives for the coming year. As the year draws to a close, we expect the actual result to exceed the budget, a significant achievement given the difficult external economic environment. 🏆



2003 annual meeting

Annual meeting gets rave reviews

"Excellent topics...presentations exceeded my expectations...best meeting I ever attended!"

"The program was well balanced and offered many topics on issues facing actuaries today!"

"So many wonderful sessions running concurrently – it was hard to decide which one to attend!"

By many accounts, the 2003 SOA Annual Meeting and Exhibit was an all-around success. More than 1,600 registrants attended the event, which was held at the Walt Disney World Dolphin Hotel in Orlando, Oct. 26-29.

There was something for everyone—session topics ranged from "Trends in International Markets" to "Less Underwriting: More Profits or More Problems?" to "The Effect of Changing Demographics on Group Disability Programs."

The general session keynote speaker was Dr. J. Craig Venter who won international fame two years ago when he announced that his company, Celera, had completed the sequencing and first analysis of the human genome, the complete complement of genes in a human being.

The Exhibit Hall continued to draw healthy numbers. The "volunteer spotlight," held at the SOA booth, was new this year and was very well received. People from various departments of the SOA volunteered their time to give updates on different projects—both ongoing and future endeavors.

Aside from the learning portion of the meeting, there was plenty for attendees and their guests to do—receptions, luncheons and section events brought people together to share ideas, renew old friendships and make new acquaintances.

Registrants also had the opportunity to enjoy Orlando—home to many popular tourist attractions, including Walt Disney World, Disney-MGM Studios, Epcot and Disney's Animal Kingdom.



Incoming President Neil A. Parmenter (left) receives a congratulatory handshake from 2002-2003 President Harry H. Panjer.



The SOA Exhibit Hall drew a crowd of customers.



People in the last row of the general session got a great view of incoming President Neil A. Parmenter, thanks to the wonders of technology.

2003 annual meeting



President Harry H. Panjer (left) and Dr. J. Craig Venter, general session keynote speaker, field questions from the audience after Venter's presentation on the human genome project.



Emily Kessler, staff fellow, retirement systems, conducts one of several employer focus groups.



Neil A. Parmenter gives his presidential speech after receiving the badge of office.



More than 1,600 registrants attended the 2003 SOA Annual Meeting and Exhibit in Orlando.

2003 annual meeting



Spending time with friends...



Kicking up their heels...

year in review 2003



Smiles all around...



Enjoying the beautiful weather...

...a good time was had by all!

2003 annual meeting



Just goffin' around...



Hanging out with the band...



Dancing the night away...



Fireworks light up the night sky...



Sharing meeting experiences...

The voices of energy, expertise, experience... *Actuaries at various crossroads in life talk about the merits of their profession*

by Jacque Kirkwood

It's the end of yet another year. For some, it's a time for reminiscing about days gone by, a warm smile passing their lips as they recall the experiences that have brought them to an age of wisdom. For others, it's a time for reflection and appreciation for the path their lives have taken thus far. And for some, the end of one year means looking ahead to the next, and the excitement and challenges it promises to bring as they leave the safety of the college nest to explore their career of choice.

The Actuary talked with six people in different stages of their careers as actuaries—SOA members Mary Hardiman Adams, Bob Johansen, Kelly Brundin and Derek Rylicki—and actuarial candidates Ashley Pitcher and Vivek Natarajan. They shared their memories, their knowledge, their advice and their hopes and dreams—straight from the heart. Many thanks to those who talked about the good old times, the successes and challenges of the present and the anticipation of exciting futures.

I had a ball!

Mary Hardiman Adams, ASA, MAAA, FCA, EA, retired in 1992 after more than 40 years as a pension actuary. On her first job, she walked through the doors of a consulting actuarial firm in September 1947 and never looked back.

"I worked in the computing department—as it was called back then," said Adams. "We hand sorted small client data, manually entered the information on analysis sheets and performed valuation computations on a calculating machine. It was a complex process and

very time consuming. One person would be responsible for the calculations; another would check the work for errors; and a third person with more experience would review all the sheets."

Adams admitted the job was a little lackluster, but knew that after her probation period, she'd be working on more interesting projects. In addition, she immediately began studying for the actuarial exams.

"Fortunately, I was only in the computing department for six months before being transferred to a consulting actuary's department," she said.

In the 1950s, computers were introduced, but much of the work was still done manually. Moving to using computers more fully was a gradual process. Even now, Adams noted, the final analysis of pension valuations is a pen-pushing effort.

"Different laws are in place, there's more information to digest and the technology has changed since I began my career, but how you treat the client has not," said Adams. "Following the flow of a pension plan for a particular client is a process that essentially stays the same."

Adams quickly moved through the ranks and for more than 40 years planned pension programs for her clients, never tiring of the task at hand.

Through the years, she was active in the actuarial organizations—having served on various pension committees and professional conduct committees. For

several years, she served as associate editor of the SOA's *The Actuary* newsletter and was editor of *The Actuarial Update*, published by the American Academy of Actuaries. She also served on the governing boards of the Academy and the Conference of Consulting Actuaries, including a term as a vice president of the Academy and a term as president of the Conference.

"As a pension actuary, I worked with clients with different personalities, likes and dislikes—it was always interesting, always challenging and always enjoyable," Adams said. "Working with other actuaries in the office and on various committees was equally stimulating. If I had to do it all over again, I'd do things the same way. Being a pension consultant was the best job an extroverted mathematician could find—I had a ball!"

Have a solid understanding of the business

"When I told people I was an actuary, they usually responded with a blank stare, a 'You're a what?' or 'Huh?'—at least in the early days when I first started out in the profession—that was 1947," said **Bob Johansen, FSA, MAAA**, chair of the SOA's Life Insurance Research Committee. According to Johansen, times have changed—somewhat. "I still get a quizzical look once in a while when I say I'm an actuary."

Johansen is a veteran of the profession. Semi-retired, he still spends some time consulting—life insurance and annuities are his specialties—but he is heavily involved as chair or member of several

SOA committees. He started with MetLife in 1947 and stayed there throughout his career. He worked in a number of different departments, learning every facet of the business, rose through the ranks and retired as vice president and actuary.

Johansen recalls a project that was particularly exciting. Several months after early retirement from MetLife, he received a phone call from the chair of the National Association of Insurance Commissioners (NAIC)'s Life and Health Actuarial Task Force. The NAIC needed a definition of "blended" valuation mortality tables and a set of such tables. At their earlier meeting, in order to meet the requirements of the Norris Decision, they had passed a resolution authorizing use of blended 1980 CSO tables. Could he help? Over the phone Johansen suggested a definition and was asked to provide the tables.

Single-handedly, he had to learn to program a small Commodore computer, test and select a pivotal age and compute the tables—20 percent, 40 percent, 50 percent, 60 percent and 80 percent male. He formed an SOA committee and

wrote a report in time for the NAIC's meeting. Minutes before that meeting, he was given five minutes to develop a formula to blend the 1980 CSO selection factors. He wrote the formulas on the back of an envelope and said, "I think this will work."

How Johansen came to become an actuary may have something to do with his bloodline. An uncle who hailed from Scotland was in the profession, a cousin

Also, get a firm grasp of the business and all its aspects—no matter what concentration you plan to pursue.

married an actuary and his mother worked in the actuarial department of a major company.

"I always enjoyed mathematics and intended to get two majors—political science and math," he said. "But WWII changed my plans a bit. When the war came, I went into the college's accelerated program and made math my choice. I served in what was then called the Army

Air Corps as a geodetic computer, in their worldwide mapping unit."

Following WWII, Johansen headed to Columbia University where he received a master's degree in math and statistics. "My statistics teachers turned out to be pioneers in advancing statistical theory in this country," he noted. From Columbia, he went to MetLife, and the rest is history.

Johansen has had a varied and interesting career, and offered this advice to those planning to enter the actuarial profession: "Try your best to get a solid understanding of the information in each exam subject. Also, get a firm grasp of the business and all its aspects—no matter what concentration you plan to pursue. After you get your FSA, join an SOA or Academy committee, particularly the exam committees. I rose through the ranks of the exam committees and became general chairman which proved to be beneficial both personally and professionally."

The variety is great

As the chief financial officer at CIGNA Tel-Drug, Kelly Brundin, FSA, MAAA, has a lot of responsibility and a various array of new challenges every day on the job. She says her background in math and actuarial science has equipped her with the tools she needs to face and find an answer to each new challenge.

"CFOs are typically CPAs," said Brundin. "I could do my job if I was not an actuary, and certainly being a CPA would make certain aspects of the job easier for me. However, because I have an actuarial background, I bring a different perspec-

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actuaries reflect

The voices of energy, expertise, experience...

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tive to the table. Every day I use the knowledge and approaches I learned as a student of actuarial science to approach and rectify complex business situations. I'm fortunate too because CIGNA is a proactive company with a strong commitment to place employees in developmental roles. I truly enjoy my job—every day is different and that kind of variety provides a challenging and rewarding work environment.”

Brundin contends that it is an exciting time to be an actuary.

“I think more actuaries are moving into non-traditional roles in business, and I believe that's a good thing,” she said. “This is in large part due to the current exam process that is better preparing students for a wider range of experiences. The emphasis on technical expertise is still very strong, but there's an increasing emphasis on broader business concepts as well.”

Brundin added that she feels more businesses are opening their doors, so to speak, to actuaries. They're recognizing that their strong analytical skills, problem-solving abilities and forecasting techniques are invaluable to a company's overall growth and success.

“I was searching for a career where I had a large degree of control as to how I would progress,” Brundin said. “While taking the series of exams was a fairly long process, I liked the fact that the experience put me in charge of my own destiny. For me, becoming an actuary was the right answer.”

It's all about the people!

Derek Rylicki, FSA, MAAA, EA, was pursuing a degree in journalism when his inner voice told him to reconsider his career choice.

“I always wanted to write, but started wondering what type of job opportunities would be waiting for me when I graduated,” said Rylicki, a consultant with Hewitt Associates, LLC. “I started

The emphasis on technical expertise is still very strong, but there's an increasing emphasis on broader business concepts as well.

tossing around other ideas. I always enjoyed math and statistics and decided to switch my major. After an internship with a consulting firm in my senior year, my suspicions were confirmed—a career as a pension actuary was for me.

It's been 12 years since Rylicki made his decision, and by all accounts, he's happy he did.

“My career to date has been very engaging, especially over the last few years,” he said. “The amount of press and attention surrounding pension and retiree medical costs has been incredible—and justifiably so.

“It's times like these that you really feel that you make a difference for your clients. We're being asked by senior management to help manage their retirement programs, including anticipating and managing future costs and identifying pitfalls—and that's just the tip of the

iceberg. We're looked to as trusted advisors and subject matter experts, not just by finance, but by human resources executives as well who are more frequently being asked to wear financial

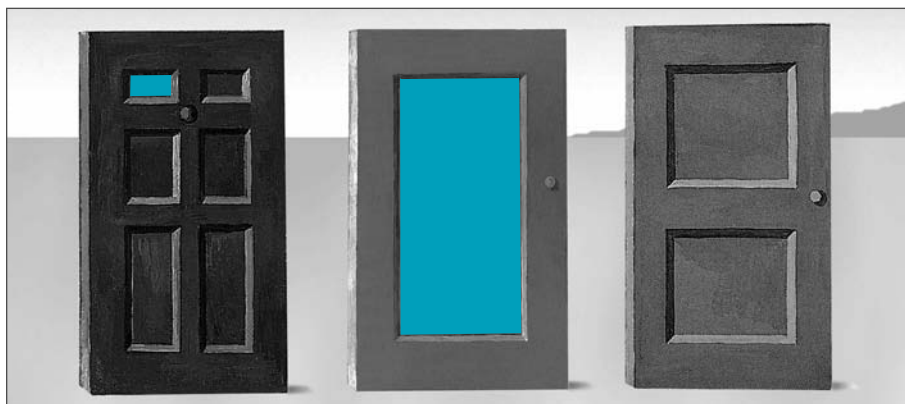
hats. They seek our advice, and value our contribution in helping manage their bottom line.”

Rylicki is quick to note that while being regarded as an expert advisor is rewarding and a benefit to his career, what's really important to him are his clients.

“Helping my clients manage the financial results of their retirement plans has always been important,” he said. “Building relationships and trusted partnerships is the best part of my job. It's very rewarding when we can help our clients when they need it most, and make their lives a little easier.”

Another aspect of Rylicki's job is the camaraderie he shares with his peers.

“The people I work with are top-notch,” he said. “They're intelligent, focused individuals with similar aspirations. They'd go above and beyond to help me



and our clients with a project whenever needed. For me, it's not really a job about numbers, it's all about the people!"

The world is my oyster

Ashley Pitcher has a rigorous class schedule at the University of Western Ontario in London, Ontario—corporate finance, statistics, actuarial science, math—the list goes on. In addition to course

The more I learn, the more I grow, the more I can contribute—that's what working hard is all about!

work, she is a resident advisor on a freshman floor, which keeps her hopping all hours of the day and night. She is also a student representative on the SOA/Casualty Actuarial Society (CAS) editorial board for *The Future Actuary*.

When she first started college, she focused on biology, chemistry and physics in hopes of becoming an orthodontist. But her love of calculus got the upper hand. The thought of becoming an actuary never entered her mind until she started talking with her dad—a pension actuary.

"It's like the doors opened up for me after several conversations with him," said Pitcher. "I realized I could pursue a wide variety of careers with an actuarial background so I made the switch.

"When I look at companies for future job prospects, it's really important to me that there are actuaries in leading roles, and that they are highly respected by the people they work for and by their peers as well. I truly believe that a degree in actuarial science sets me apart from the many general business majors who will be graduating."

Pitcher considers herself a non-traditionalist by nature. She's passed Course 1 and 2 and has the exam materials for Course

3 in hand, but is not committing to the actuarial profession in the purest sense—not yet anyway.

"I haven't made any firm decisions as to what I want to do with regards to a career," she said. "There are so many opportunities available to someone with my educational background. In the summer after my second year, I was an

intern at CIGNA working on professional fee schedules and competitive intelligence in the medical analysis and customer reporting department. I found that really interesting

"Maybe I'll work for the government. Maybe I'll work for a large firm in a business capacity. The idea of working with mergers and acquisitions is also very attractive. I don't want to commit to any one field at this point because there are so many options available. This is an exciting time of my life and I'm thrilled at all the career prospects that await me—the world really is my oyster!"

I want to make an impact

"I'm looking forward to making an impact in the health care industry," said Vivek Natarajan. "With rising health care costs and a economy that's not booming, we need to find ways to provide reasonably priced health care plans so people can maintain good coverage that is affordable."

Natarajan, a senior at the University of Michigan in Ann Arbor studying actuarial mathematics and economics, and a student representative on the SOA/CAS editorial board for *The Future Actuary*, will soon get the chance to make a difference. He is currently interviewing for

positions and will be joining the actuarial community on a full-time basis come summer."

Becoming an actuary wasn't Natarajan's first dream.

"When I was really young, I wanted to be an ophthalmologist," he said. "But once I entered high school, the math bug bit."

Natarajan had an early aptitude for and enjoyment of math, often working on complicated math problems to and from school in the car—just for fun. Both his parents are actuaries so he was exposed to the profession at an early age.

By his own admission, Natarajan did not take becoming an actuary seriously at first.

"The first couple of years, I studied math, statistics and actuarial science courses because I could," he said. "It came fairly easy to me and I passed the exams with minimal effort for the most part. A biology teacher who happened to be one of my favorite mentors made me take a serious look at my educational path. He said, 'Make sure you're doing this because you want to, not just because you can!' That one statement really opened my eyes, and after some personal reflection, I decided I was on the right course. Natarajan is hopeful and realistic about his future as a health actuary.

"I know I'll hit roadblocks and bumps along the way, but that's how I'll learn," he said. "The challenges I'll face will help me to grow career wise and as a person overall. The more I learn, the more I grow, the more I can contribute—that's what working hard is all about!"

Natarajan knows what hard work is. He passed Courses 1 and 2. At the time of publication, he was taking the Course 3 exam. Best wishes! 🍀

Strategic initiatives at the top of the Board of Governors' action list

The Board of Governors has been working on four strategic issues: actuarial education and preliminary education redesign; long-term growth and vitality of the profession; task force on sections and practice areas; and international strategy. In addition, the Board created a task force to oversee a governance audit. Significant milestones were reached on all of these in the past year.

Actuarial education and preliminary education redesign

In June, the Board approved several proposals for the redesign of our actuarial education process; and revised preliminary education, the structure and design of the ASA course, the direction of the FSA education proposal and the formation of a working group to develop a case for a risk management specialty track to fellowship. Details of these proposals were reported to the membership in August and can be found on the SOA Web site at http://www.soa.org/eande/report_membership03.pdf.

Long-term growth and vitality of the profession

The Strategic Planning Committee has been in the process of reviewing the SOA strategic plan relative to the long-term growth and vitality of the actuarial profession. A second round of member and market research was conducted this year to further understand key questions. These questions have now been addressed and directional decisions have been made. Thanks to all of you who participated in the surveys to help address this critical effort. Results of the research are posted on the SOA Web site at http://www.soa.org/strategic/strategic_planning.html.

After intense review of the member and market research results, the Board approved action in three areas: improving the image of the actuarial profession, expanding roles for actuaries in traditional markets and facilitating expansion of actuaries into the broader financial services markets. More information about these decisions and next steps will be published in the January issue of *The Actuary*.

Task force on sections and practice areas

This task force was charged with determining a structure that leverages the strengths of sections, incorporates the long-term perspective of practice areas and provides a link to the governing bodies. The Implementation Task Force included a broad representation of constituents. Their work on communication, roles and responsibilities and representation was foundational in conducting the governance audit. The task force also provided direct input to the Governance Audit Task Force.

The Implementation Task Force on Sections and Practice was disbanded at the October Board of Governor's meeting with thanks for their many contributions. The next implementation steps to a new organizational structure will be taken in conjunction with implementing the governance audit recommendations.

International strategy


The Board-level discussion on the SOA's international strategy took a giant step forward this fall with the creation of a background paper for a facilitated discussion at the October Board meeting. Input provided by the Board will be handled by the International Board

Advisory Group and circle back to the Board for further discussion. Stay tuned for more information about this strategic issue in the upcoming year.

Governance audit

The rationale behind commissioning the governance audit was to address the concern that the Society has not been responding as effectively as needed regarding issues of concern to the membership. The audit included interviews with a cross section of stakeholders; focus groups with volunteers and staff involved in sections, practice areas and with the Board of Governors; and a review of all pertinent documents. Results of the governance audit led to the identification of three overarching issues:

- The Board wants to be more strategic and respond more effectively to the changing environment of actuarial practice.
- The Board wants to make sure that the volunteers and staff are able to focus their energies most effectively.
- The Board wants to address the perception that senior leadership positions may be too onerous to attract actuaries currently engaged in the industry.

Recommendations from the governance audit addressed these three issues and will be implemented in stages over the next several years. Watch for further information. 

Practice area progress shines in the limelight

Finance Practice Area

From ALM to RMTF, to ERM and COSO, it's a world of acronyms in the FPA—Finance Practice Area, that is! It's a world of activity too, with the creation of a new Risk Management Task Force (RMTF) Web site, the publication of a new ALM Specialty Guide and support for a new Risk Management Section among the highlights of the area's accomplishments in 2003.

Building on last year's creation of the area's popular Risk Management Task Force and its active subgroups (Economic Capital Calculation and Allocation, Enterprise Risk Management (ERM), Equity Modeling, Pricing for Risk, Extreme Value Models, Health Risk Management, Policyholder Behavior in the Tail, Risk Based Capital Covariance, Risk Management Future and Strategy), the task force, chaired by David Ingram, formed two additional subgroups in 2003: Risk Management Metrics and Credit Risk Management.

Together with SOA staff and Rick Pitts, the group's volunteer Web coordinator, this dynamic task force of over 200 volunteers developed its own Web site, accessible from the SOA Web site at http://www.soa.org/sections/rmtf/rmtf_subgroups.html. With a page housing each subgroup's mission and work products, the site has proven to be a valuable resource for members, providing information on upcoming risk management seminars and events, a library of references and links to related sites. In the interest of making members aware of the many risk management opportunities opening up in the broader economy, the task force recently added a special Risk Management Job Listings page at http://soa2.syn.net/rmtf/rmtf_joblistings.htm.

Also basking in the area's risk management limelight is the new Risk Management Section. Initiated by the SOA Board of Governors and supported by the FPA, this new section will promote education, research, networking and job opportunities in this important area. They also have plans to offer seminars, publish a newsletter and promote further research. The section is

fields but also in non-traditional and specialized fields such as banking. The section is currently recruiting members and council elections are in process.

Another acronym and another focus for the Finance Practice Area in 2003 was ALM. What's so special about ALM? SOA's newly released ALM Specialty Guide answers that question and offers

...the site has proven to be a valuable resource for members, providing information on upcoming risk management seminars and events, a library of references and links to related sites.

intended to cross all practice areas (life, finance, health and retirement systems) and will develop resources for all actuaries—not only those in traditional

a road map for practitioners seeking to enhance their knowledge of asset liability management (ALM). Finance

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Practice area progress shines in the limelight

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Practice Area staff and the SOA communications staff worked with the ALM Specialty Guide Task Force, led by Warren Luckner, to develop the guide, which taps into the expertise of a seasoned group of ALM professionals. The guide provides direction to anyone in search of new or updated knowledge of ALM, especially its differing applications to financial security systems, such as life or health insurance, property and casualty insurance or pensions. This new resource offers a wealth of references culled from the group's own diverse work in ALM. The specialty guide is available to view or download in a PDF file from the SOA Web site at <http://www.soa.org/library/pasg/SPG0308ALM.pdf>. Users are also given the opportunity to provide the task force with feedback on this new document.

Also active on the FPA's ALM front is the work of the Task Force on Asset/Liability Management Principles,

chaired by Charles Gilbert. This group is in the final stages of drafting a new ALM principles document by year-end, with plans to approach the Academy regarding creating standards of practice for ALM based on the principles document.

In keeping with the SOA Board of Governors' strategic initiative to forge greater external relations with other organizations, members of the Finance Practice Advancement Committee and Staff Actuary Valentina Isakina, have been working with GARP (Global Association of Risk Professionals) on a one-day workshop on Risk Adjusted Capital Application and a two-day SOA-sponsored track on ALM. The group is also working on identifying opportunities to work with PRMIA (Professional Risk Managers' International Association). PRMIA is already scheduled to participate in the second SOA/CAS ERM Symposium in April 2004.

Room for one more acronym? The COSO (Committee of Sponsoring Organizations of the Treadway Commission) released its draft entitled, Enterprise Risk Management Framework, "designed to raise a consistent 'risk and control consciousness' throughout the enterprise and to become a commonly accepted model for discussing and evaluating the organization's risk management processes," and solicited public commentary. Along with the Academy, the Finance Practice Area responded. Compiling feedback on the framework from many members of the Risk Management Task Force, the area helped to submit a comprehensive response to COSO.

The FPA wants to hear from members about their needs, so that the area can continue to translate member voices into expanded opportunities and activities in 2004.

Health Practice Area

The Health Practice Area continued progress on several activities related to its key issues for 2003, including:

- *The troubled healthcare system:* The healthcare system literature review, initiated in 2001 to address nine topics relating to the healthcare reform debate, has been completed. For each of the following topics, an annotated bibliography of approximately 25-35 articles was created, as well as a summary of the key findings and the current state of research on each topic: the changing demographic landscape and aging population; the impact of medical technology; increasing prescription drug costs; the future role of the employer as a sponsor of benefit programs; managed care effectiveness; the number and

growth of the uninsured and the underinsured; proposed system reform, quality of care issues; and the use of risk assessment and adjustment. Literature results are now available on the Health Section's Web page for use of the general membership. Follow-up projects have also been determined, including a call for papers on chronic vs. acutecare, a research project to evaluate the links between hospital quality and cost measures and a research project on the impact of drug use on total medical costs.

- *Healthcare System in Crisis Task Force:* A Healthcare System in Crisis Task Force, under the direction of the Health Practice Area, has been formed to develop a descriptive model of the healthcare system. The mission of the project is to help explain why healthcare costs increase so much faster than everything else in the economy and the ensuing trade-offs between system stakeholders and attributes. In addition, the aim of the task force is to provide an unbiased contribution to healthcare public policy discussions; to increase the visibility of the actuarial profession in the healthcare public policy forum; and to promote the awareness and concept of health public policy research with the SOA membership.
- *External relations initiatives:* In keeping with the SOA's renewed energy to expand relations with external organizations, the Health Practice Area initiated the following:

—*Meeting with the Centers for Medicare and Medicaid Services (CMS):* A number of health actuaries met with the professionals in the department of CMS responsible for the National Health Expenditures (NHE) projections in early

September. The actuaries provided a private industry perspective on the healthcare market for consideration in CMS's upcoming development of the NHE projections. In return, CMS provided an overview of how the NHE projections are developed. Future meetings will be scheduled to strengthen this relationship and further mutual understanding.

—*Health services researchers (HSR) and health actuaries' session:* The Health Practice Area, in conjunction with the Twin Cities Actuarial Club, has begun developing a session entitled "A Meeting of the Minds," between health services researchers and health actuaries. The goal of the seminar is two-fold: to nurture further understanding of each discipline and to look for opportunities for future partnerships. Presenters from both schools of thought will be using consumer-driven health plans as an illustration of their differences in focus and approach.

—*AcademyHealth:* Several health actuaries presented a session entitled "Inside the Black Box: How Actuaries Price Health Insurance," at the AcademyHealth's 20th Annual Research Meeting in Nashville on June 27-29. The session was designed to give health policy researchers a greater understanding of the factors involved in the pricing of various types of health insurance.

- *Pharmacy benefits call for papers:* The Health Practice Area initiated a pharmacy benefits call for papers to look at the actuarial, economic and demographic issues related to the supply and demand for prescription drug benefits and to encourage a deeper exploration of this topic from a multidisciplinary perspective. A number of abstracts have been accepted and the subsequent papers will form the basis of a symposium at the SOA's 2004

spring meeting in Anaheim. Some topics that will be examined include demand issues, pharmaceutical pricing and patient cost sharing.

- *Education on the need for disability insurance coverage:* The Health Practice Area, with the cooperation of the Health Insurance Association of America (HIAA), is in the final stages of gathering data for a "Disability Insurance: The Missing Piece in the Financial Security Puzzle" chartbook that is intended to be a graphic depiction supported by narrative—of the fundamentals regarding disability risk, the associated financial risk and the availability and limits of public disability income programs. The chartbook is to be a user-friendly, up-to-date, citable reference targeted at media outlets, policy makers, employee benefits decision-makers and consumers at the "grassroots" level. Various sections of the chartbook will focus on "Risk of Disability," "Financial Risk Resulting from Disability," "Public Disability Income Insurance Programs and Their Limitations" and "Private Disability Insurance Coverage—Met and Unmet Needs."

Life Practice Area

The various sections, committees and working groups affiliated with the Life Practice Area (LPA) consist of members volunteering their time to advance life insurance practice. They worked on a number of initiatives that enhanced basic education, research, continuing education and communication opportunities for SOA members.

Continuing education

In addition to the spring and annual meetings, about 25 seminars, forums, symposiums, conferences and webcasts

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practice area update

Practice area progress shines in the limelight

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were conducted, ranging from “boot camp” type offerings (Basic GAAP, Introduction to Life Reinsurance) to specialized topics (Designing and Pricing Secondary Guarantees on UL & VUL Products, International Accounting Standards for Insurers) to special interest group sessions (Smaller

Surveys now being worked on include simplified issue and risk management practices. The Mortality & Morbidity Liaison Committee is nearing completion of the Build Study and the Diabetes Study. The Committee on Life Insurance Company Expenses has released a report on life insurance and

delegation of operational responsibilities to the oversight groups, the senior leadership of the LPA has begun to direct its energies toward developing action plans to address the most important issue facing life practitioners: the future of the life actuary.

Many volunteers contributed substantial time to brainstorm, design and review the major changes to the education system...

Company Chief Actuaries Forum). Several of the programs were offered for the first time in 2003, including a joint SOA/LOMA/LIMRA Life Conference.

Basic education

The education and examination committees associated with the practice area performed their usual, tireless “labor of love” in preparing study materials and exam questions and grading papers. A special focus in 2003 has been the re-introduction of nation-specific content in the Course 8 ILA syllabus. Many volunteers contributed substantial time to brainstorm, design and review the major changes to the education system that have been approved for implementation starting in 2005.

Research

The annual ordinary study, which had fallen behind schedule the last few years, is back on track. Mortality reports will be “current” by the end of 2004. A major initiative to re-invigorate individual annuity studies is currently under way. The Committee on Life Insurance Mortality and Underwriting Surveys conducted surveys of life insurance companies on various topics including mortality improvement, preferred underwriting and triple X practices.

annuity product expense experience, based on data collected from 29 contributing companies.

Communication

The LPA made important advances in 2003 in the area of building a “life practice community.” The inaugural issue of *The Life Actuary* newsletter was well received (based on a survey of the readers). Focus groups and feedback sessions were conducted with both members and employers. The LPA is working on a project to identify non-actuarial professional organizations of strategic importance to life actuaries, with a view to building mutually beneficial relations with them. Discussions were held on how to make the SOA Web site more user friendly for members.

Governance

The LPA implemented a new governance structure in 2003 to more effectively coordinate and prioritize activities. Four functional oversight groups (Education, Research, Experience Studies and Communications) and the Emerging Issues Advisory Group were formed. The groups have identified key issues within their area of responsibility and have started to address them. With the

Emerging issues

A preliminary list of emerging issues for the LPA was published in *The Life Actuary* newsletter. The Emerging Issues Advisory Group has since prioritized the issues and prepared “white papers” on the top issues. An e-mail discussion among practice area leaders on the topic “Future of the Life Actuary” was conducted. These efforts have started to crystallize into action plans. Implementation of these action plans will be the major focus in 2004.

The Life Practice Area welcomes ideas from our members as to how it can better “shape the game” for the future. Additional details on many research projects, continuing education programs, surveys, publications and SOA initiatives referenced in this update can be found on the SOA Web site, or can be obtained by contacting Karen Gentilcore at kgentilcore@soa.org.

Retirement Systems Practice Area

The Retirement Systems Practice Area (RSPA), under the direction of Ron Gebhardtsbauer, focused on issues of concerns to retirement actuaries. The RSPA has continued throughout 2003 to work actively with the American Academy of Actuaries and the Pension Section Council on areas of interest to all actuaries.

- *Financial Economics*: The practice area, the Actuarial Foundation, the Pension Section Council and the

American Academy of Actuaries sponsored the Financial Economics Symposium. The Symposium was held in June 2003 in conjunction with the SOA Health & Pension Spring Meeting (Vancouver BC). Twenty-four papers were presented to 200 participants exploring the implications of financial economics, good and bad, for pension plans. As follow-up, the SOA is hosting a series of three webcasts focusing on accounting, funding and investment issues for pension plans. The webcasts will cover the merits and weaknesses of both the traditional paradigm and the emerging financial economic framework for each topic. The Joint SOA/AAA Task Force on Financial Economics is continuing to explore the implications of financial economics for the pension practitioner.

- *Post-Retirement Risk:* Under the direction of the practice area, the Committee on Post-Retirement Needs & Risks continued to expand the group's understanding of risks faced by retirees in retirement.

—The Post-Retirement Risk Chart was published online in April and as a brochure in June 2003. Over 2,300 brochures have been distributed to actuaries and members of the public. The chart comprehensively covers the various risks faced by retirees, how predictable the risk is and how that risk might be managed.

—The practice area, the Pension Section Council and the American Academy of Actuaries completed the Retirement Preferences Survey in 2003. This survey increased the RSPA's understanding of differences between workers and retirees in their retirement.

—The Retirement Risk Survey, first conducted in 2001, was repeated. The

results gave us further understanding of the process of retirement and the issues faced by retirees. The 2003 Risk Survey report will be published in 2004.

—The results from the Preferences Survey and Risk Survey will be published in booklet format and used by the Academy for Hill briefings in 2004. The SOA is looking for other ways to make this valuable information available to a broader cross-section of the public.

—In conjunction with LIMRA/LOMA and 16 other cosponsors, a call for papers on "Managing Assets in Retirement" was issued. Approximately 12 papers will be presented at the LIMRA/LOMA annuity conference in March/April 2004.

- *External Relations:* The practice area continues to broaden external relations, appointing Ronnie Thierman to lead external relations activities.

—The Committee on Post-Retirement Needs & Risks has members and interested parties from over a dozen organizations working together to identify and understand post-retirement needs and risks.

—The practice area will become an institutional member in 2004 with the Pension Research Council (Wharton School, University of Pennsylvania). This will broaden access of both the SOA and the Pension Research Council to each other's work.

—The Committee on Social Security is sponsoring a call for papers on "Fertility and Immigration Factors Affecting Social Insurance Projections" (United States and Canada). The call has gone to university professors across the country and is also being distributed through the Population Association of America.

- *Pension Plan Design & Valuation:* The SOA continued to support practitioners concerns and needs in the areas of pension plan design and valuation:

—The "Design and Actuarial Aspects of Deferred Retirement Option Programs" (DROPs) provided an overview of this pension plan design feature and issues faced in assigning cost. This retirement option is popular in public plans and of growing interest to private plans.

—The SOA published "Single Life vs. Joint and Survivor Pension Payout Options: How Do Married Retirees Choose?" The study, conducted by the Urban Institute under commission from the practice area, the Pension Section Council and the Actuarial Foundation, focused on the decisions facing married retirees on pension benefit payout options and the factors that influence their choices.

—Phase II of the "Factors Affecting Retirement Mortality" study was completed. The second phase reviewed existing Society of Actuaries experience studies to see which of the 10 factors affecting retirement mortality identified in the first phase could be added to the studies.

—Phase II of the Turnover Study made significant progress, and preliminary results were presented at the 2003 annual meeting in Orlando.

The Retirement Systems Practice Area leadership thanks all its dedicated volunteers, without whom none of this would have been accomplished. 🙏

Some roadblocks along the way, but it's "forge ahead" for the SOA!

Continuing Education

Not bad...considering.

War in Iraq, SARS and continued sluggishness in the economy left their marks, but the good news in Continuing Education (CE) is that the bad news was not too noticeable. There were some promising signs and—sometimes—some good numbers. By utilizing Web-based technology and entering into more partnerships agreements, SOA solely or jointly sponsored over 45 events in 2003, the most ever in one year. A new distance learning subscription for actuaries who issue prescribed statements of opinion was introduced, bringing to three the number of programs of this type. A Web portal for companies who offer Internet-based Education and Examinations (E&E) and CE was launched. Also on the technology front, for the first time, all major meetings provided a Web-based registration option and reduced registration fees for member presenters.

Section-sponsored activity

The largest section-produced event, The Long Term Care Insurance Conference, showed impressive growth in its third year with an increase in attendance of more than 200 people. The 3rd Annual Product Development Actuary Symposium in June also had a healthy enrollment increase. Sections also co-sponsored a number of webcasts and many new seminars as well as perennial offerings, such as Beginning and Advanced Generally Accepted Accounting Principles (GAAP) and Risk Management Essentials.

Collaborative success

Without question, 2003 was the year of the partnership. Although working with other organizations is not without challenges, these collaborations have much to offer—they broaden the audience and pursue an SOA strategic objective by showing the value that actuaries bring to the industries they serve. SOA along with LIMRA and LOMA jointly produce three spring conferences this year: The Life

Conference, the Pension Conference and the Annuity Conference. These programs drew in totals of more than 700 participants. In July, the SOA and the Casualty Actuarial Society (CAS) combined forces for the first-ever Enterprise Risk Management Symposium. Many seminars were also jointly-sponsored or co-sponsored, including an Introduction to Life Reinsurance with the American Council of Life Insurers (ACLI), the Employee Benefits for 2003 with the American Bar Associations (ABA), Pension Issues for Multinational Employers with the International Foundation of Employee Benefit Plans (IFEPP) and the Investment Actuary with the Canadian Institute of Actuaries (CIA). Private sponsors also teamed up with the SOA to offer a seminar series on Reserves (Polysystems), International Accounting Standards (Ernst & Young) and Embedded Value (Tillinghast).

Major meetings

War in Iraq doubtlessly had a chilling effect on attendance at the Washington, D.C. spring meeting, but attendance at the Health and Pension spring meeting in Vancouver exceeded 800 people and included a very successful embedded symposium on pension financial economics. In September, The Valuation Actuary Symposium drew over 600 attendees, and the annual meeting in Orlando met expectations with over 1,500 registrants.

Perhaps the best news of 2003 is that a number of critical issues emerged—from enterprise risk management to health care financing—in all practice areas. A number of vital topics paired with a business rebound could make 2004 the best year ever for continuing education.



Core Studies and Global Initiatives

Education and Examinations

It has been a busy year for the E&E branch of the Core Studies and Global Initiatives (CSGI) Department—2003 reflected a number of challenges and a significant amount of change.

For the second year in a row, the number of examination registrations increased. In November 2003, a record setting 18,854 registrations were processed. The preliminary examinations again were the focus of the most significant increases, with 22.3 percent increase from 2002. However, there was also a modest increase in the enrollments for the higher-level examinations of 5.3 percent. These increases are all the more remarkable given the challenge that SARS presented to us in the spring of 2003. Due to the epidemic, all planned examination administrations at our exam centers in China were cancelled. As Course 6 is only offered once per year, staff and volunteers alike worked to quickly locate, establish and secure individual exam centers for the 118 candidates who wished to write that exam in China. Full refunds or transfers to the November 2003 session were processed for the candidates registered to take the preliminary education examinations.

In May of 2003, the SOA Board of Governors announced a change in the ASA requirements, which allows candidates to select two components from among Courses 5, 6, 7, 8 and PD (some restrictions apply) in order to complete their ASA exam requirements. All candidates will still be required to pass Courses 1-4 as part of their preliminary education requirements. The change permits the candidates some flexibility and choice, and also allows them to incorporate more specialized and practical education earlier in their careers and along their paths to the ASA designation. For example, United States actuaries who specialize in retirement benefits can complete their EA

examination requirements and have those requirements count towards the completion of the ASA.

By far, the most significant accomplishment for the year was the Board's endorsement of the framework presented by the Working Groups on Preliminary and Actuarial Education. This effort, often referred to by its other moniker, education redesign, was the result of the work

These increases are all the more remarkable given the challenge that SARS presented to us in the spring of 2003.

of over 100 volunteers from all disciplines and practice areas. Key issues driving the redesign were a need to make the process more relevant to actuarial practice, prepare actuaries for the future and attempt to reduce travel time. Full details are available in the Summer 2003 Report to the Membership and Candidates at www.soa.org/eande/report_membership_03.pdf.

For the ASA designation, the candidate would be required to complete the Preliminary Education requirements, the ASA Course and the Associateship Professionalism Course. The Preliminary Education requirements and the ASA Course requirements may be reasonably attempted concurrently.

- Preliminary education continues to provide the necessary background in mathematics, statistics, economics, finance and actuarial modeling. However, some subjects, such as calculus, will now be treated as prerequisites while others, specifically economics, corporate finance and applied statistics will be validated by educational experience. The rest will be validated by four traditional examinations. Validation by educational experience is a new element where candidates will demonstrate proficiency by submitting relevant

transcripts and other supporting documentation from a university or other approved provider or by accomplishing the objectives via other alternative methods, still to be defined.

- Post-preliminary education will be based on a control cycle approach to actuarial practice. Candidates will receive an introduction to the

control cycle concept concurrent with an introduction to financial security systems via a series of interactive, self-paced Internet-based modules. Practical exercises will be used to help candidates develop the skills to be successful in the workplace. The emphasis will be to provide the candidate with a supported learning environment. Validation will be two-pronged, through the completion of assignments associated with each module and through two multiple-choice examinations that will likely be available on demand with certain restrictions. Given the very nature of the design, candidates will be able, if they choose, to begin work on this element prior to completing all of the preliminary education requirements.

For the FSA designation, the candidate would be required to complete all of the ASA requirements plus the following additional educational elements:

- Two track-specific examinations.
- Several modules that will use the same Internet-based systems as the ASA modules.

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- A capstone module that may be a seminar.
- Fellowship Admissions Course (FAC).

The Professional Development Component, as it exists in the current system, is not included in this redesign

As there is a considerable overlap between the content of Course 8 Finance and the learning objectives drafted for the course on ERM, the Working Group for the Risk Management Specialty track has received approval to design a revised Course 8 Finance Examination consisting of a core component, an extension for advanced

employers and candidates so as to maintain the value of our designations. Also during 2004, a separate joint CAS/SOA Task Force will be examining the possibilities of offering on-demand computerized testing. That group will explore the technologies and measurement and administration options in support of quality, security and flexibility and access for candidates.

We are committed to delivering the highest quality product to our employers and candidates so as to maintain the value of our designations.

proposal. The treatment of nation-specific topics will be included in the FSA examinations and may further be addressed by the creation of separate United States/Canada Fellowship Level Examinations where necessary. This facet has already been incorporated into the existing examination structure with the offering of a United States and Canadian version of the Fall 2003 Course 8 Retirement Benefits Examination.

finance topics and an extension for advanced ERM topics. Candidates would be required take the core component and one of the extensions. This approach is not without precedent as the current Course 8 Health, Group Life and Managed Care examination is structured with a core component and two extensions. We expect to offer the revamped Course 8 Finance Examination for the first time in November, 2004.

International highlights

International strategy—2003 marked a year of engaging discussions on this complex and multi-faceted subject. Discussions were held among the members of the Board of Governors, as well as the various international committees that represent diverse member constituent groups. These volunteer groups wrestled with the questions related to building an effective global community for all—members, candidates and other users of actuarial work products. The timing of the writing of this section coincided with the scheduled discussion among the Board of Governors. Interested observers of these issues should watch for subsequent reports in upcoming 2004 issues of both *The Actuary* and *International News*, the International Section newsletter.

An unexpected, but a quite exciting outcome of the deliberations of the working groups, was the development of a Board-level proposal to introduce an Enterprise Risk Management (ERM) specialty track prior to the implementation of the redesign. Risk management has emerged as a growing and visible area of practice in both traditional insurance organizations and the broader financial services arena. With the recent creation of a Risk Management Section within the SOA, the development of an ERM specialty track will expand the role of actuaries in this field. Because ERM concepts tend to be applicable on a global basis, without significant focus on nation-specific topics, an ERM track is expected to have great appeal to our international candidates.

For 2004, the CSGI will be dedicating substantial effort towards the design of the various elements of the proposed new education syllabus. Work is already underway with the recruiting of design teams for each aspect. Final conversion plans are expected to be announced in early 2004 along with the final plans for the administration of the validation by educational experience criteria. The ASA module design teams will be busy creating a prototype module, while an FSA oversight group will be working to further refine the proposals for the various components of FSA level education. The success of each of these projects will be inextricably linked to the expertise and efforts of large number of dedicated volunteers. We are committed to delivering the highest quality product to our

Candidate applications continue to pour in for the now three-year-old examination fee discount program. While the majority of participants are in China, this fee reduction offer has provided the opportunity for students in Ghana, Kenya, Pakistan, Poland and India, among other countries, to sit for actuarial examinations. The growing interest in the profession from those outside our traditional North America borders is evident in that 2003 marked the first time that the number of successful non-North American Course 1 Exam takers exceeded the number of successful candidates from the United States and Canada combined.

SOA departments update

Indeed, our second and third largest examination centers are Beijing and Seoul.

In 2003, the SOA was pleased to welcome the following new ambassadors:

- Australia—Julian Gribble, FSA.
- Thailand—Kitti Rungsisingpipat, ASA.
- Vietnam—Phong Thanh Huynh, FSA.

In addition, the International Section Council welcomed Ms. Cuqui Moreno from Panama as an official “friend” of the council. This new category will allow the section to reach out to areas, which do not currently have SOA members, but where a connection or tie is desired to facilitate and execute special projects and cooperative efforts. She will work to promote the SOA’s actuarial examination system as well as the profession within Central America.

At the end of 2003, Jim MacGinnitie will hand over the reigns of the International Actuarial Association (IAA) to Luis Huerta. The assumption of IAA presidential duties by Huerta will mark the first time that an actuary from Mexico will hold that honor. The emergence of Mexico as a strong ally and partner for the

The practice areas and sections are committed to providing relevant and timely research for their members.

other North American actuarial organizations was quite evident following the conclusion of the 2002 International Congress of Actuaries in that nation.

The IAA also announced plans to begin a health section. The health section was formed to support, and charged with supporting actuaries around the world who are interested in health insurance

and health financing matters. The section activities are aimed at establishing and advancing links among, and at providing useful information to, the international community of actuaries whose professional practice is mainly health and also to those actuaries whose health work or interest is only a part of their practice.

The section’s first big initiative will be the 2nd International Health Colloquium to be held in Dresden, Germany from April 27-29, 2004. Members interested in more information about either joining the section or the colloquium should visit the IAA Web site at www.actuaries.org.



Research Accomplishments

The practice areas and sections are committed to providing relevant and timely research for their members. The past year stands testament to this commitment with a wide range of research activities focused on meeting the needs of members and breaking new ground for the future of the profession.

Finance

In addition to its commitment to provide finance-related research for its members, the Finance Practice Area is charged with exploring new fields of practice for actuaries. In response to this, the Committee on Finance Research sponsored a survey and research report examining the potential roles for actuaries in the viatical and life settlements market. The study’s author, Teresa Winer, conducted a survey of currently employed professionals in the viatical and life settlements industry to

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gauge their opinion on this topic. The report concludes that there are, indeed, significant opportunities for actuaries to be further involved in the life settlement

The report concludes that there are, indeed, significant opportunities for actuaries to be further involved in the life settlement process.

process in many ways, such as determining prices of life settlement contracts, analysis of life expectancy calculations and helping individuals understand the fair value of the contract. The results of the survey as well as follow-up activity recommendations and areas for further education/training can be found on the SOA Web site at http://www.soa.org/research/life_settlement.html.

In an ongoing effort to continue building relationships and partnerships with outside actuarial organizations the Society of Actuaries cosponsored a symposium on Stochastic Modeling with the Canadian Institute of Actuaries and the Actuarial Foundation. The symposium was a tremendous success, taking place September 4-5, 2003 in Toronto, Canada. Academics and practitioners exchanged ideas on various aspects of stochastic modeling as well as interacting with the authors of 16 papers presented at the symposium. Further information on the symposium and the papers that were presented can be found on the CIA Web site at http://www.actuaries.ca/meetings/archive_stochasticsymposium_2003_e.html.

In another research project sponsored by the Finance Practice Area, Sheldon Lin of the University of Toronto, completed a textbook on stochastic calculus and differential equations. The textbook focuses on the conceptual and computational aspects of stochastic calculus and is intended as

both an educational tool and a reference for practicing actuaries. Publication and distribution details are being finalized.

Health

An ongoing effort of the Health Practice Area has been to optimize the future involvement of actuaries in the health care reform debate. As part of this effort, the Health Practice Area and Health Section launched a literature review, conducted by a team at Indiana University, to examine the current state of the health care system in the United States. Complete results of the literature review can be found at <http://www.soa.org/sections/literature.htm>.

As a result of the literature review, several new health-related activities and research projects have been initiated. Among the research projects are a call for papers examining the provision of chronic versus acute care, request for proposals to study the link between quality and cost relating to hospital quality information measures

and the effect of categories or specific prescription drugs on total medical costs. More details regarding these new initiatives can be found on the SOA Web site at http://www.soa.org/research/linking_quality_rfp.html.

If you have read the front-page headlines recently, there is no doubt that coverage of prescription drugs for Medicare enrollees is a critical public policy issue. In response, the Health Practice Area and Health Section contracted with Reden and Anders to complete a report estimating the current and future costs of providing a prescription drug benefit for Medicare enrollees. In addition, continuance tables are provided in the report as a tool for health actuaries to use in designing other prescription drug plans. The report, "Projected Cost Analysis of Potential Medicare Pharmacy Plan Designs" can be found on the SOA Web site at http://www.soa.org/research/medicare_pharmacy.html. As a follow-up to the report, a well-attended Congressional Staff Briefing was jointly held by the American Academy of Actuaries (AAA) and the SOA on July 21, 2003 in Washington, D.C.



SOA departments update

Life

The Life Practice Area had an extremely productive year with the initiation of several new research projects and partnering with other practice areas and organizations on projects of interest to its members.

Is there a fixed end to life? How will society handle a population with ever-increasing numbers of centenarians? Encouraged by the success of the 2002 Living to 100 and Beyond – Survival at Advanced Ages Symposium, planning is well underway for a follow-up event to be held January 12-14, 2005. Actuaries, demographers, physicians and scientists from around the world will gather again in Orlando, Florida to examine the implications of an aging population for social, financial, health care and retirement systems. Methods and techniques for modeling, projecting and quantifying advanced age mortality improvement and the factors influencing survival to advanced ages will also be presented. Look for a call for papers to be issued soon.

Environmental Tobacco Smoke (ETS) and its societal impact is the subject of front-page news with many municipalities banning smoking in restaurants and other public places. Articles often cite recent research linking ETS exposure to health problems or premature death. What impact does the latest research on ETS have for actuaries working in life insur-

ance companies? A team of researchers from Georgia State University was selected to analyze existing research to determine the levels of exposure to ETS that will cause statistically increased risk of medical problems and/or death, if any. Results of the analysis will be summarized in a paper discussing the actuarial importance of their findings. More information about the project can be found on the SOA Web site at http://www.soa.org/research/eetsmm_rfp.html.

In addition to the Life Practice Area, the Individual Life Insurance and Annuity Product Development Section was extremely active in 2003 in developing new research ideas and projects for the benefit of its members. In early July, the section issued a request for proposals to examine a range of guarantee features on life insurance and annuity products. Essentially, the research will identify the features currently found in the marketplace and study their associated risks, the methodologies used to analyze, quantify and manage these risks and their impact on policyholder behavior. The formal "Request For Proposals" outlining the project goals is available on the SOA Web site at http://www.soa.org/research/aopg_rfp.html.

Given the current highly competitive market for life insurance companies, expenses continue to be a source of intense examination. Recognizing an

absence of publicly available inter-company individual life insurance and annuity product expense information for actuaries to use, the SOA formed the Committee on Life Insurance Company Expenses (CLICE). In August 2003, CLICE completed its first inter-company study of life and annuity product expenses. The study presents unit cost calculations for various product and distribution channels based on 2001 expense data collected from 26 companies. The report can be found at http://www.soa.org/research/individual_life.html. A follow-up study is currently in progress and a request for 2002 data has been distributed. The data request can be found on the SOA Web site at http://www.soa.org/research/research/expense%20study/expense_study.html.

Retirement systems

The Retirement Systems Practice Area and Pension Section delivered another year of research projects marked by high relevance and broad outside interest.

What is the implication of financial economics developments on the valuation of pension plans? How should actuaries respond to these developments? These questions among others were explored at a symposium entitled "Current Pension Actuarial Practice In Light of Financial Economics" held in conjunction with the SOA spring meeting in Vancouver. The symposium, which was initiated by a call for papers earlier in the year, certainly lived up to its billing as "The Great Controversy." Over 20 papers were presented and attendees were treated to engaging presentations and lively discussions. To view abstracts and papers presented at the symposium visit the SOA Web site at http://www.soa.org/sections/pension_financial_econ.html. A series of follow-up webcasts is planned for late 2003–early 2004.

The Retirement Systems Practice Area sponsored a study by Bolton Partners, Inc. that examined design and actuarial issues

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related to Deferred Retirement Option Programs, commonly referred to as DROPs. The report provides a valuable reference for actuaries who work with these programs and those who want to

process of how workers retire and the trend towards phased retirement is of great importance from a public policy perspective. Look for the survey results in early 2004.

their study. The objective of this study was to develop a valid resident experience database to allow financial and operational analyses of CCRC and other senior congregate living arrangements based on data specific to these facilities. Utilizing experience from 72 facilities, the study developed actuarial decrement rates for mortality, morbidity and withdrawal patterns. This report can be found on the SOA Web site at http://www.soa.org/research/nia_report.pdf.

In particular, the process of how workers retire and the trend towards phased retirement is of great importance from a public policy perspective.

learn more about them. The report is available on the SOA Web site at <http://www.soa.org/bookstore/mono.html#retirement>.

A study was completed by the Urban Institute that examined the decisions facing married retirees on their pension benefit payout options and the factors influencing their choices. The study, jointly sponsored by the Retirement Systems Practice Area, Pension Section and Actuarial Foundation, investigates the costs and benefits that married retirees consider when choosing either a single life annuity or joint and survivor annuity. As well, the report considers retirees with Defined Benefit (DB) coverage who choose a lump sum distribution and examines the factors influencing this decision. The report is available on the SOA Web site at http://www.soa.org/research/single_life.html.

With the current state of the economy and company accounting scandals, the subject of post-retirement risks could not be timelier. The SOA is continuing to address this subject with a series of activities including a follow-up survey to the one conducted in 2001 on the attitudes and behavior of American workers towards post-retirement risks. As with the 2001 survey, the follow-up survey is being conducted by Mathew Greenwald and Associates and promises to provide new insights into this area. In particular, the

Mortality rates affect many facets of an actuary's work. The ability to collect more detailed data to recognize additional factors that influence mortality provides a basis for actuaries to refine mortality assumptions beyond the traditional age and gender factors and creates opportunities for product expansion. As a follow-up to recent Society of Actuaries' research that identified 12 different risk factors that affect mortality after retirement, Victor Modugno examined which of these factors should be included in SOA experience studies and the best method for reflecting the additional factors in the

Work in progress includes a new group term life mortality study and a premium waiver experience study, a new group LTD experience study and a new individual disability income experience study. An initial report on the latter study will be available early next year.

Life insurance

The Technology Subcommittee of the Society's Committee on Life Insurance Mortality & Underwriting Surveys has completed their report. Its purpose was to explore the various uses of technology by life insurance companies, as well as exam-

Work in progress includes a new group term life mortality study and a premium waiver experience study, a new group LTD experience study and a new individual disability income experience study.

mortality tables. The report of this analysis, "Factors Affecting Retirement Mortality—Phase II," can be found at <http://www.soa.org/research/farm.html>.

Experience Studies Accomplishments

Health

The Continuing Care Retirement Communities Task Force has completed

ine its impact on mortality studies and underwriting. This report can be found on the SOA Web site at <http://www.soa.org/research/techreport.pdf>. The Mortality Improvement Subcommittee of the Society's Committee on Life Insurance Mortality & Underwriting Surveys has completed their report. Its purpose was to explore life insurance company practices regarding the use of a mortality improvement assumption in the pricing of life insurance products. This report can be

SOA departments update

found on the SOA Web site at http://www.soa.org/research/mortality_improvement.pdf.

The Preferred Underwriting Reinsurance Subcommittee of the Society's Committee on Life Insurance Mortality & Underwriting Surveys has completed their report. Its purpose was to get the opinions of the reinsurance market on preferred risk underwriting and make comparisons to the results of the direct writer's survey,

Its purpose was to explore life insurance company practices regarding the use of a mortality improvement assumption in the pricing of life insurance products.

which are being compiled and will be distributed in the next few months. This report can be found on the SOA Web site at http://www.soa.org/research/reins_report.pdf.

The Individual Life Experience Committee has completed its 1995-96 report and tables. This study is the latest in continuing annual reports on inter-company mortality experience by amount of insurance under standard individually underwritten issues. The previous report discussed experience over the 1991-92, 1992-93, 1993-94 and 1994-95 study periods. This study focuses on the single year results from the 1995-96 study period and also examines experience in the most recent five-year period (1991-96) in order to provide a larger volume of data so that broader comparisons of results can be made. This report can be found on the SOA Web site at http://www.soa.org/research/9596_ilesrt.html.

The Mortality & Morbidity Liaison Committee has finished their blood pressure study. The study is available on the MMLC Web site (www.mmlc.org). Publication occurred in issues of the *Journal of Insurance Medicine and On The Risk*.

Retirement systems

The 1999-2000 Group Annuity Experience Report will be available early in 2004.

Committee on Academic Relations

The joint partnership of the SOA, CAS and CIA's Committee on Academic Relations, chaired by CAS actuary, Dale Porfilio, created the Actuarial Research Exchange (ARE), a marketplace and

matching service between research entities and qualified researchers, which went live on February 1, 2003. This Web site is housed on the TAP's AERF Committee Web site at www.aerf.org.

Committee on Knowledge Extension Research

The year 2003 has been a very busy year for the Committee on Knowledge Extension Research (CKER). As a result of the CKER grants, Zinovy M. Landsman and Udi E. Makov had their paper, "Contaminated Exponential Dispersion Loss Models," published in the April issue of the *North American Actuarial Journal*

The "new" Actuarial Foundation will continue its focus on youth education and consumer education, as well as now supporting the actuarial profession through research, actuarial education and scholarships.

(*NAAJ*), and Sheldon Lin and Ken Seng Tan's paper, "Valuation of Equity-Indexed Annuities under Stochastic Interest Rates," was published in the October issue. *The Mexican Journal of Economics and Finance*

published another CKER grant paper, "Extended Cox, Ingersoll & Ross Model" by Wojciech Szatschneider.

Several other CKER grant papers have been submitted to the *NAAJ* and other journals where they are awaiting publication consideration. Updates on these projects will be reported in the Research Corner of *The Actuary*.

Through the Individual Grant Competition the CKER awarded three new grants, and with AERF, co-sponsored two other new grants. Also, this year the CKER announced two recipients of the Edward A. Lew Award, Mike Wadsworth and Russell Gerrard, who are both working on separate modeling projects. Bruce Jones, the 2000 Ed Lew Award recipient, had his modeling project incorporated as part of the SOA Course 7 pre-test syllabus material.

Actuarial Education and Research Fund

Effective August 15, 2003, The Actuarial Foundation and The Actuarial Education and Research Fund officially merged into one organization. The "new" Actuarial Foundation will continue its focus on youth education and consumer education, as well as now supporting the actuarial profession through research, actuarial education and scholarships. ☺

Section updates capture highlights of 2003

It was an extremely busy year in 2003 for the SOA sections—attaining goals and outlining future initiatives to accomplish section objectives and advance the actuarial profession in general. Amidst all the activity, there's a new section on the block—Risk Management—which brings the section total to 17. Following are highlights from 2003 and some exciting projections for the future.

Actuary of the Future

The Actuary of the Future Section split 2003 efforts into two segments—routine activities and special initiatives.

- Routine activities—The group worked to develop sessions of relevance and interest to members attending the SOA spring and annual meetings, and to develop interesting content for a biannual newsletter.
- Special initiative—Earlier this year, the section co-sponsored the 2003 Product Development Symposium. Additionally, they focused considerable energy on working to understand the skills that actuaries must develop to maintain vibrance in the future as the financial industries

continue to mature and evolve. Finally, recognizing that some actuaries have already entered into business ventures outside of traditional actuarial practice, the section established the Career Pioneer Program, a network of these individuals who are willing to help others think about and develop career alternatives.

Using research acquired by the SOA Strategic Planning Committee (SPC), the section identified that the actuarial profession needs to be perceived as having broader business skills to remain vibrant in the future. Therefore, the SPC is focusing on how that translates into practical action that the SOA can take to achieve that goal.

The Actuary of the Future Section strongly believes that their members can play a supporting role in the SPC's efforts—one that will help support actuaries currently in practice. In addition, the group believes their interests and initiatives are aligned with the goals of the Management and Personal Development Section. Together, these sections are supporting the SPC's initiative by offering “business savvy” training through a combination of special

webcasts and live sessions at the spring and annual SOA meetings. Through their efforts, they hope to raise awareness of the need for broader skills, and accomplish some training as well. The section encourages members to participate.

Computer Science

The Computer Science Section (CSS) completed the initial phase of its initiative to develop a formal standard for the storage of table-type data (XTbML). They received buy-in from the Association for Cooperative Operations Research and Development (ACORD), the standards-setting body, who adopted the standard and has promoted it to its members. The section has commissioned GoldenCode to migrate all of the existing tables current available in the SOA's Table Manager format to the XTbML format. These tables are now available through the SOA Web site at <http://library.soa.org:8080/xtbml/jsp/index.jsp>.

During 2003, the Computer Science Section sponsored the fifth Speculative Fiction Contest, which allows actuaries to express their non-actuarial talent for writing, while sharing their vision of the future and their place in it. Another initiative in 2003 was the development of a survey of section members regarding the desired computer curriculum for actuarial majors coming out of college, as well as computer-related skills necessary for actuaries in the mature portion of their career. The goal is to use this information to encourage actuarial schools to offer a wider range of computer-related education, and for employers to provide continuing education of computer skills.

After a long hiatus, *CompAct*, the section's electronic newsletter, has resurfaced. An issue was published in September, with articles on the new XTbML standard, a demonstration on how to use Visual Basic to dynamically create a PowerPoint presentation, and the MathML markup



language for mathematical expressions. The goals for 2004 are to continue the promotion of the XTbML standard, publish the results and recommendations from the survey on computer-science curriculum, and produce two issues of *CompAct*. In addition, ongoing initiatives, such as coordinating sessions at SOA meetings and contributing to funding of projects related to the technical aspects of the actuarial field, will continue.

In addition, ongoing initiatives, such as coordinating sessions at SOA meetings and contributing to funding of projects related to the technical aspects of the actuarial field, will continue.

Education and Research

The Education and Research Section sponsored section breakfasts at the Washington, D.C. and Vancouver spring meetings and the annual meeting. At the Washington, D.C. spring meeting, the section sponsored the "Using Bayesian Statistics and the Monte Carlo Method" session and cosponsored "What is the True Value of Tax Deferral?" session. At the Vancouver spring meeting, the section sponsored the "Interest Rate Modeling in Actuarial Practice" session and cosponsored "Longevity Improvement in Canada, The United States and Worldwide" session. At the annual meeting, E&R also sponsored the session "Actuarial Research Meeting Actuarial Practice" and cosponsored "Data Mining: How to Find Gold, Using the Appropriate Pricing Measure" and "Wondering About the Latest in Health-Related Research for Actuaries" sessions.

In August, the section sponsored the Actuarial Research Conference held at the University of Michigan on August 7-9, 2003. There were about 40 sessions with approximately 100 registrants. ARCH 2004 will be on the SOA Web site in early 2004 and will include most of the abstracts and/or papers that were presented at the 2003 Actuarial Research Conference (ARC). The 2004 ARC will be held at the University of Iowa in Iowa City from

August 5-7, 2004. The 2005 ARC will be held at ITAM in Mexico City, Mexico from August 11-13, 2005.

For 2003, the section received applications for five ASA Institution Grants and three FSA Institution Grants for full-time members of the regular faculty attaining ASA/FSA status. The five universities to receive the ASA Grants were: Robert Morris University for David George

Hudak and Mark Matthew Maxwell; Glasgow Caledonian University for Gerard Kennedy; Heriot Watt University for Julia

Financial Reporting

The Financial Reporting Section placed significant emphasis in 2003 on better understanding the interests of the section members and aligning their priorities accordingly. A survey was conducted during their hot breakfast at the annual meeting in Boston, and followed up with an on-line survey. The feedback revealed strong interest in the following areas:

- A seminar on financial projections.
- Webcasts focused on keeping section members up-to-date on emerging financial reporting issues.
- Research on financial statement disclosure practices of United States life insurance companies.

The council members are in the process of identifying a series of quarterly webcasts



The tradition continues. The famous green jacket is a perfect fit for Financial Reporting Section 2003-04 Chairperson Mark Freedman (left). John Bevacqua, 2002-03 chairperson, receives gavel.

Wirch; and University of Louisville for Ewa Kubicka. The three universities that received FSA Grants were University of Calgary for Rohana S. Ambagaspitiya; Chinese University of Hong Kong for Albert C.S. Wong; and University of Melbourne for Edward McEllin.

that will focus on specific issues affecting the work of the actuary who is in a financial reporting capacity of a life insurance enterprise. They are also in the process of

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Section updates capture highlights of 2003

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developing a seminar on financial projections and drafting an RFP for research on financial statement disclosure practices of

coordinated for the annual meeting in Orlando, along with a breakfast. Their final area of focus is to foster timely

lished by the section council this year to provide an opportunity for the ambassadors to introduce the unique market features, as well as themselves, to all section members.

The ambassadors responded positively and nearly half of them participated in the Country Feature Award.

United States life insurance companies. The section has also taken preliminary steps toward the creation of a second-edition U.S. GAAP textbook, which will reflect the many changes that have taken place within U.S. GAAP (including SFAS 141/142, the SOP for Non Traditional Long Duration Contracts, and SFAS 133).

communication with section members through various media, including the *Health Section News* and the newly reorganized Health Section listservs.

International

The International Section achieved a number of goals in 2003. Their accomplishments include:

- Added several new ambassadors to countries that did not previously have them.
- The International Section Council studied and adopted the best practices of other councils modified for their unique setup, where council members, as well as section members, may reside outside of North America.
- Sponsored a webcast on international reinsurance with the Reinsurance Section Council.
- Donated \$2,000 to the Society of Actuaries of China for the publication and translation of actuarial study material
- Provided financial support for the actuarial seminar in Kazakhstan.
- Sponsored a successful, well-attended reception at Epcot Center during the SOA annual meeting in Orlando.

Futurism

Meeting in October, the Future Section Council—with three new members—established goals for the section and the roles the council members will play in the next year to accomplish those goals. The Futurism Section has committed a sizeable portion of its fund balance (\$5,000) to the support of a study of economic variables using the Delphi Method.

- Reached out to members outside of North America and strengthened the global network for the section—Section council members have built direct contacts with ambassadors in about 30 countries outside of North America through personal calls and face-to-face visits. The ambassadors responded positively and nearly half of them participated in the Country Feature Award. This award was estab-

Health

The Health Section enjoyed its 23rd successful year, continuing its focus on three major areas. The first focus area is the promotion and funding of practical research directly relevant to and usable by practicing actuaries. Two research projects were completed, including “Aging Curves of Older Americans” and “Projected Cost Analysis of Potential Medicare Pharmacy Plan Design.” Several projects were selected for funding over the next six months, with several additional projects under consideration. The section’s second focus area is the development and coordination of health sessions for the annual and spring SOA meetings. At the spring meeting in Vancouver, the Health Section sponsored 39 sessions, a breakfast, luncheon and reception. Fourteen sessions were



Members of the International Section Council strike a pose. Pictured are (left to right) Bill Horbatt, Rejean Besner, Shumei Kuo (2002-03 section chairperson), Marc Slutzky and Shyamal Nariankadu (Web liaison). Kuo received the international globe, a gift of appreciation for her leadership efforts during the year. Not pictured: Yiji Starr (2003-04 section chairperson), Tom Leonard, Michael Enright, Carl Khor, Anna Louie, Ronald Poon-Affat and Paul Sauve.

The section's 2004 initiatives include:

- Sponsoring another seminar that has appropriate and hot topics for members. Given the increased focus on "mini-seminars" by the SOA, this would allow members to earn Professional Development (PD) credits while learning about international markets. From a section council standpoint, this allows the section to do their part in the ongoing education process. The International Section may team up with another section to achieve this goal.
- Increase the interaction between United States actuaries overseas and those practicing in the United States. This would allow the actuaries overseas to remain current on United States practices, rules and regulations.
- Encourage more "country updates" from the local ambassadors. Each section newsletter will have at least one contribution from Asia, Latin America and Europe. Alternatively, there may be "specialty issues" for Asia one time, Latin America at another time, etc. The section plans to use the newsletter to create a coherent picture or understanding of a particular set of markets.
- Study the practicality of looking at new regulations and/or new ASPs, and discuss how they affect international actuaries.
- Consider a "Focus in Asia for 2004" as this is the area where members' employers are investing to be followed in subsequent years by other areas. Newsletters, meeting session, webcasts, etc. could share this focus.
- Coordinate with China Region and Southeast Asia Committees, as well as the Chinese Actuarial Society and other regional groups.

Investment

The Investment Section was very busy in

2003, with a great deal of effort devoted to hosting seminars. Last December, the section held the Beginning and Advanced Risk Management Seminars in New York. In July, they co-sponsored the Risk Management Symposium with the Casualty Actuary Society. In September the Investment Section participated in the Stochastic Modeling Symposium with the Canadian Institute of Actuaries. The section co-sponsored the Investment Symposium in November in Toronto and the Asset Liability Management Seminar in December in Tempe.

The Investment Section sponsored 11 sessions at the SOA spring meetings and 10 at the annual meeting. The section lunch at the annual meeting was the most successful section meeting with 280 attendees. Peter Ricchiuti, dean at Tulane Business School, spoke about financial markets, and was very well received.

The section funded eight research projects in 2003, including activities of the Risk Management Task Force. Three issues of their newsletter, *Risks and Rewards*, contained 38 articles. The section participated in 11 different committees and task forces of the SOA. Congratulations to Luke Girard, winner of the 2003 Redington Prize for his article "Market Value of Insurance Liabilities: Reconciling the Actuarial Appraisal and Option Pricing Methods" which appeared in the January 2000 *North American Actuarial Journal* (NAAJ).

Long-Term Care Insurance

In 2002, the LTCI Section has continued an excellent job of delivering educational opportunities for its members. In addition to a full slate of LTCI sessions for both the SOA spring and annual meetings, the Intercompany LTCI Conference has become the LTC industry meeting of choice. This conference provides an unprecedented opportunity for LTC professionals of various disciplines to come together and exchange ideas in over 45 sessions in six specialty tracks. Networking opportunities are also abundant.

The LTCI Section Council has established additional structure within its ranks to spread responsibilities better and to define

accountabilities. As an example, potential research is coordinated and has been identified. Liaison responsibilities to SOA committees have been established.

The LTCI Section is still a young section, but with a relatively healthy percentage of active participants. About 18 percent of members have volunteered within the last 12 months. In 2003, the initial challenge was to develop and implement the structure that has been outlined to support section initiatives. LTCI Section membership has grown to about 1000, with a significant percent of those members being non-SOA members. There is a desire to bring together the resources of both the SOA members and non-members to make the LTCI Section a significant industry advocate.

With the section's growth have also come additional financial resources. The section desires to identify issues critical to the continued growth of the market, and to encourage and support actuarial and market research that facilitates that growth.

Management and Personal Development

The Management and Personal Development Section has been involved in developing a webcast to promote "business savvy" skills with the Actuary of the Future Section. The section, co-sponsoring with the SOA, created a webcast on presentation skills which is available on the SOA virtual campus. All actuaries, and especially SOA speakers, are encouraged to access it, and so far over 200 have!

The section council is now focusing more on co-sponsoring meeting sessions with some of the larger sections. This is becoming more common, in part as a result of the SOA Employer Survey conclusion that actuaries must develop business savvy skills. The section co-sponsored a session with the Investment Section at the joint SOA/CIA Investment Symposium (November 10-11). The session addressed removing obstacles to strategy implementation. Another priority of the section is getting Academy CE credits for its sessions, and discussions with the Academy are underway.

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section review

Section updates capture highlights of 2003

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Looking good! Management and Personal Development Section Council members (left to right) Larry Jackson, Jim Trefz, Jennifer Gillespie, Dan Shinnick (2003-04 section chairperson), Sim Segal (2002-03 section chairperson) and Vince Mace take a break for a snapshot. Not pictured: David Duncan, David Miller, Kelly Rendek and Alan Sheptin.

Nontraditional Marketing

The Nontraditional Marketing Section has had a great year. Here are some of the activities the section sponsored as well as some of its accomplishments.

- Co-sponsored a very successful Product Development Symposium in May. Attendance was strong and feedback was positive. Likewise, the section only heard good things about the Direct Marketing Association meeting in September. Co-sponsoring this activity has gained more recognition for the section.
- Conducted a survey of section membership that gave us a directional sense for activities going



(Left to right) Tom Bakos, Bill Bluhm and Theresa Resnick enjoy the Nontraditional Marketing Section wine and cheese reception.

forward. Over 8 percent responded. The survey yielded results indicating the types of sessions wanted at SOA meetings, and the membership's interest in more experience studies. As a result, the section is looking for more ways to foster research that is relevant to the nontraditional marketplace.

- Developed a Product/Channel Directory, a database with information about the background and interests of our members. Participation is voluntary. The directory can be used to find other people with similar interests or specialists in particular products or channels. Access to the directory will be available on the section's Web site by year-end.
- The Web site is being continually improved. Access to the council's meeting agendas and minutes, bios of the council members and listservs have been added. There is also access to our *NewsDirect* publications with their interesting and timely articles.
- This year, the Non-Traditional Marketing Section is supplying its members with a hard copy compendium of *NewsDirect* articles that were mailed in December. This will give everyone a second chance to read and save those articles of the most personal interest.
- Two "think tank" discussions were held during the year. The second was at the annual meeting in Orlando. About a dozen section members attended. For an hour this group discussed the challenges of marketing on the Internet. The open discussion format of the session seemed to be well received. The section will hold additional think tanks in the coming year.

Pension

During the past year, the Pension Section provided its members with results of

research projects and continuing education opportunities. The section arranged sessions at the SOA spring meeting in Vancouver and published quarterly editions of *Pension Section News*.

In response to a growing interest in financial economics, the section published an edition of *The Pension Forum* on the topic of "Reinventing Pension Actuarial Science." The articles presented both the viewpoint of financial economics and the traditional actuarial perspective.

The section sponsored a two-day seminar aimed at plan sponsors and actuaries who are involved with multi-national companies. The seminar was co-sponsored by the SOA, Conference of Consulting Actuaries, and International Foundation of Employee Benefits Plans (IFEFP). The section partnered with the IFEFP as part of a broader desire to increase the Pension Section's interaction and collaboration with non-actuaries who are involved in the pension business.

The section hosted a webcast on the proposed GASB statements on financial reporting of other post employment benefits by employers and plans. A webcast is being planned for December on the topic of the new FASB disclosure rules for pensions and other post-retirement benefits.

In the area of research, Greenwald Associates is preparing to release results of a survey of retirement preferences. A preview of this survey was provided at the 2003 spring meeting. The Urban Institute completed its paper on the topic of how married retirees choose annuity options. The section provided funding for both these projects.

Projects currently underway include a paper on the corporate bond yield curve, a project to examine financial issues faced by individuals when converting lump sum retirement savings balances into ongoing income streams and a project on pre-retirement influences to examine the various items that influence an employee's decision to retire

In September, the section made available to its members a new reference: *Investment*

Statistics for Actuaries. The reference includes the S&P 500, Wilshire 5000, Russell 2500, NCREIF Property, MSCI World and MSCI EAFE. It also contains a variety of Lehman Brothers bond indices, Treasury rates and yield spreads for various classifications of bonds. The information will be updated quarterly and is downloadable in Excel and PDF files.

The section aided the Society of Actuaries in making *Life Contingencies* by C. W. Jordan available again. The Jordan text is an excellent introductory guidebook on basic actuarial mathematics for new students and non-actuarial professionals.

Although the vast majority of the Pension Section's time and energy during the year was focused on initiating and supporting relevant research and providing continuing education opportunities for pension practitioners, the section also reviewed several internal issues relating to the governance of the Pension Section. This included confirming the criteria with which we evaluate proposed projects, reviewing our policy for managing the section's financial resources and engaging in a brainstorming exercise to identify the

types of issues we want to address over the next several years.

Product Development

The Product Development Section embarked on its third decade with an emphasis on continuing to provide the members with beneficial resources through the most effective channel. The section focuses primarily on research, continuing education and communications.

On the research front, a project was organized on the "Analysis of Product Guarantees." Proposals have been received and the researcher is currently being selected. In addition, the papers competition on "Product Risk and Its Management" was completed. The two papers that received prizes are posted on the section Web site.

The 3rd Annual Product Development Actuary Symposium spearheaded the continuing education effort. Approximately 200 persons attended the two-day event. The symposium, which continues to show growth in attendance, was jointly sponsored with the Nontraditional Marketing, Reinsurance and Actuary of the Future Sections. A pre-symposium seminar was held the day

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It was smiles all around for Product Development Section Council members (left to right) Abe Gootzeit, Keith Dall, Susan Kimball, Kevin Howard (2003-04 section chairperson), Mary Broesch, Paul Haley, Elinor Friedman, Noel Abkemeier (2002-03 section chairperson) and Nancy Winings. Not pictured: Kelly Levy.

Section updates capture highlights of 2003

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before on the topic of “Designing and Pricing Secondary Guarantees for UL Products.” About 100 people attended this seminar. The section also organized and recruited speakers for the spring and annual SOA meetings.

Communications with the section members was accomplished through the *Product Matters!* newsletter and the Web site. The newsletter was published three times and contained a very large number of informative articles of interest to product development practitioners. The Web site contains links of interest as well as past copies of the newsletter. The section council members are also actively involved in many SOA committees, representing the interest of section members.

For the upcoming year, the council continues to emphasize research. At least one new research project will be defined and funded. Another papers competition will be launched. The planning for the 4th Annual Product Development Actuary Symposium is underway. There will be a pre-symposium seminar organized as well. The newsletter will be published three times and the Web site will continue to be improved.

Reinsurance

The Reinsurance Section exhibited one of the highest percentage growth rates of all the sections, growing to a little over 2,300 members as of May of 2003. This is a 5.7 percent growth rate from May of 2002. In addition, the section has accepted almost 50 correspondent members.

The section again co-hosted another successful Product Development Symposium with the Product Development Section. In a separate seminar, in co-sponsorship with the ACLI, the section repeated its “Introduction to Reinsurance” seminar, complete with review questions in game show format, which is always a big hit with the seminar participants. In conjunction with the Valuation Actuary Symposium, the section co-sponsored a seminar on Financial Reporting and Reinsurance with the Financial Reporting Section.

In taking advantage of new, cost effective ways to communicate important topics to the section’s members, the section co-hosted a webcast with the International Section. The webcast covered the topics of SARS, International Accounting Standards and Reinsurance and Capacity Issues in Life Reinsurance market.

The Reinsurance Section hosted sessions at the spring and annual meeting on various topics such as managing risk concentration in a post-9/11 environment, emerging issues in quota share reinsurance, and famous reinsurance disasters. Also, even though the issue of implementing embedded derivative accounting on modified coinsurance agreements did not emerge until after the sessions had been defined and speakers had been fully recruited, the section provided a discussion and presentation of the topic at the Reinsurance Section Hot Breakfast at the annual meeting in Orlando.

To assist its members in keeping track of regulatory, tax and accounting issues that

arise regarding reinsurance, the section published an article in one of its newsletters to serve as a guide of organizations who influence regulations and guidelines concerning reinsurance. The section issued two newsletters this year, both of them exceeding the size of any previous section newsletters. In addition, a special blast e-mail newsletter was sent to all section members to assist in their understanding and awareness of the embedded derivative issue on modified coinsurance agreements.

The section has begun a project to review all sources of printed materials on reinsurance topics. The review covers more than just the materials that appear on the exam syllabus, and will look to identify areas in which there are deficiencies in the scope of materials covering reinsurance. The project is ongoing.

Risk Management

The newly-elected Risk Management Section Council met for the first time at the SOA annual meeting in Orlando and elected David Ingram as the first section chairperson. Eager to begin the work of the section, council members have outlined sessions for the spring meetings, appointed a newsletter editor and a Web liaison and have discussed how to work with the Risk Management Task Force and other sections to provide education and research in the area of risk management.

There is quite a bit of excitement surrounding the formation of the Risk Management Section. See references to this new section in the presidential address, “A profession in transition,” and in the practice area update, “Practice area

SOA board volunteer letters due January 15

The Committee on Elections is beginning to prepare for the 2004 SOA board election’s first ballot. If you are an FSA and would like to be considered as a candidate for Elected Board Member on the first ballot, please summarize your accomplishments and service in a letter to Jim MacGinnitie, chairperson of the Committee on Elections, and send it to the SOA office—475 N. Martingale Road, Suite 600, Schaumburg, IL 60173—by Thursday, January 15.

Questions may be directed to Cheryl Enderlein at the SOA office—phone: 847.706.3511; fax: 847.273.8511; e-mail: cenderlein@soa.org.

progress shines in the limelight,” under the Finance Practice Area.

Smaller Consulting Firm

One main project for the Smaller Consulting Firm Section Council in 2003 was the membership survey and the review of the results. The level of participation in the survey was most encouraging. The results clearly showed the areas where section members are looking for assistance. The section also published the first three issues of their newsletter, *The Independent Consultant*. Special thanks to Ian Duncan, the newsletter editor, for his hard work. The Smaller Consulting Firm Section also held a reception at the Vancouver meeting to give the members a chance to meet one another and co-sponsored a program session at the Orlando annual meeting—again, thanks to Ian. With the Pension Section Council, the section is co-sponsoring a Web-based survey on the assumptions used for certain pension and benefit disclosures for corporations—thanks to Dan Cassidy for his work on that project.

In 2004, the section council will be focusing its efforts on those areas which the survey indicated were of primary importance to section members. They council is planning to publish three issues of *NewsDirect* and will be sponsoring or co-sponsoring sessions at the Anaheim spring meeting—including a reception— and at the annual meeting. In addition, the section is planning to compile lists of information resources for the various practice areas, working with the section councils for the various practice-area sections. The section has also begun discussions on a possible webcast continuing education program in response to member requests for continuing education that does not require extensive travel.

Smaller Insurance Company

Anyone who wishes to view the Smaller Insurance Company Section mission statement can find it on the SOA Web site at <http://www.soa.org/sections/smallins.html>. In brief, the mission of the section is to provide continuing education to its members in a way that reflects the limited resources of smaller company actuaries



Members of the Smaller Insurance Company Section Council—(left to right) Tamora Kapeller, Kent Scheiwe, Susan Reitz (2002-03 chairperson), Terry Long and Julie Hunsinger—enjoy the warm weather and sunshine. Not pictured: Pete Hitchcock (2003-04 section chairperson), Stephen Frechtling, Don Hagen, Susan Keisler-Munro and Phil Velazquez.

and to provide a forum for our member to discuss their unique concerns. In 2003 the section council worked to fulfill this mission statement.

The section sponsored sessions at the spring meeting in Washington, D.C. the Valuation Actuary Symposium and the annual meeting. These sessions were either buzz groups or interactive forums covering topics ranging from the 2001 CSO, the revised Actuarial Opinion and Memorandum Regulation and doing experience studies with limited resources. The format of all of these sessions provided the attendees plenty of opportunities to interact with each other. Also, the section once again sponsored a breakfast at the annual meeting. This yearly event provides yet another chance for section members to interact with each other and with the council.

As the year draws to a close, the council is also putting the finishing touches on a webcast: “You Can Run but You Can’t Hide, Asset Adequacy Analysis is Here to Stay.” This webcast, presented as a case study, is provided as an educational opportunity for those of our members

who are going to be performing their first asset adequacy analysis project. Other activities the council was involved in over the last year were the publication of two newsletters, various blast e-mails informing members on current issues and a health survey designed to determine how the section council can better serve its members in the health practice area.

This summer the section elected three of its members to serve three-year terms on the council: Don Hagen, Terry Long and Phil Velazquez. They officially began their terms at the October 27 council meeting. Members completing their terms at that same meeting were: John Gately, Sue Reitz and Jim Van Elsen. The newly elected council officers are: Pete Hitchcock, chairperson, Terry Long, vice-chair; and Julie Hunsinger—secretary/treasurer.

Any section member with thoughts on how the council can work toward accomplishing its mission in the upcoming year is encouraged to contact one of the section members. ☺