

# SOCIETY OF ACTUARIES

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# EDITORIAL

## HANDICAPS OF EXPERTISE

A Guest Edutorial by Roy R. Anderson

Ed. Note: This is excerpted, with permission, from Mr. Anderson's speech, "Strategic Planning for Corporate Growth," to the Chemical Marketing Research Assn. The full text can be had from him at his Year Book address.

**E**XPERTS, even in the highest callings—such as physicians and lawyers—can become so immersed in their work that they cannot see how their profession relates to and affects society.

Experts within our own business of insurance can suffer from this myopia. They fail to place in perspective the role that some forms of insurance now play in our society. Take, for example, health insurance. Health insurance—both private and governmental forms—has practically nothing to do with health. Further, it is much less a system of "insurance" than it is a system for financing the costs of the system of medicine. In fact, the system of health insurance is one of the major factors that has contributed to the spiralling costs of medical care.

Essentially the same kind of analysis applies to the symbiotic effect between liability insurance and the system of tort law. It has been the very existence of liability insurance that has induced the legal profession to expand the scope of the tort system far beyond its original bounds—at ever-increasing costs to the public. Unfortunately, attempts to arrest this burgeoning system of tort liability are largely ineffectual because the legal profession effectively controls the process—such as in the legislatures and in the operation of the judicial system. Our country, formed as a nation under law, seems destined to become, instead, a nation under lawyers.

It is very difficult for people, even experts, to see evidence of change—especially when it is their own institution that is threatened. The trouble is that the expert's values are so deeply imbedded in his own system and in the past that he continues to see only what he expects to see and wants to see. Yet, if we are to prepare ourselves for future shocks, we must be willing to entertain new thoughts—however threatening they may seem.

Furthermore, the longer it takes each of us to perceive the evidence of change, the greater is likely to be the shock when we must face reality.

One of the dominant institutions of our society has been economics, i.e., the perception that man is basically an economic animal whose behaviour can be controlled and predicted by economic analysis. The first problem with economics stems from what has happened to our perceptions of money. What was invented as a medium of exchange has become an end in itself: insidiously, the understanding has emerged that the value of all things—material and non-material—can be expressed in dollars. Also, there was Adam Smith's concept, "the invisible hand," that the summation of many decisions based on self-interest would inure to the total good for the public, a theory no longer valid from which economists are now frantically trying to adjust to a new reality.

We all drag along with us all of our past. But we can, and we must, accept the realities of today and tomorrow, and learn from other disciplines, even from other cultures.

### Deaths

Marcus F. Auden, A.S.A. 1927 Thomas T. Chamberlain, A.S.A. 1951 Stanley W. Gingery, F.S.A. 1943 John P. Jones, A.S.A. 1961 Robert N. Powell, F.S.A. 1959

Contributions to the Actuarial Education & Research Fund, 208 S. LaSalle St., Chicago 60604, in memory of a deceased member are acknowledged to the donor and to the member's family.

### **Summary Non-Routine Business**

#### (Continued from page 1)

S-3, "Professional Communications of Actuaries," and a new Opinion S-7, "Sound Actuarial Principles." After discussion, the matter was tabled.

(6) Standard Notation. The Board authorized the Committee on Standard Notation and Nomenclature to develop standard notation for risk theory.

(7) Committee on Pensions. The Board was presented with a report from the Committee on Pensions titled "Integration of Private Pension Plans with Social Security." In view of its timeliness, the members agreed to study the report and furnish the Executive Committee with their comments. The Board authorized the Executive Committee, at its discretion after reviewing their comments, to grant to the Committee on Pensions authority to release the report as an Opinion of that Committee.

(8) Valuation Mortality Tables. The Executive Committee and the Board discussed proposed selection factors to be applied to the new valuation Mortality Table K. The Board accepted the Committee's work in developing these factors, and authorized exposure to the membership and transmittal to the National Association of Insurance Commissioners.

(9) Meeting Sites. The Board approved changing location of the 1983 Annual Meeting from the Sheraton Bal Harbour to the Diplomat Hotel in Hollywood, Florida, and approved the following sites for 1986:

April 17-18, Hotel Del Coronado, San Diego

May 22-23, Sheraton Boston Hotel

June 12-13, Kansas City

October 6-8, Hyatt Regency Chicago