

THE LIFE ACTUARY

NEWSLETTER OF THE LIFE PRACTICE AREA

Letter from the Life Practice Area Chair

Cultural Forces Affecting the Image of Actuaries

by Edward L. Robbins

For those members of the Society of Actuaries who indicated “Life” as their primary practice area, it gives me great pleasure to welcome you and to introduce *The Life Actuary* to be published semiannually.



We plan to cover issues of interest to the Life Practice Area members in general. One significant exception will be technical issues, which are better served by the section newsletters. Topics we will cover will include emerging issues, selected letters from our membership, announcements of newly completed research from our committees and reports of certain Board of Governors business and strategic activities. Also, in this inaugural issue we have included a demographic analysis of the Life Practice Area membership.

Today I would like to share with you some of my personal opinions—primarily anecdotal—about some external cultural forces in American society that have arisen

or grown stronger over the past 25 years, and which may be adversely affecting the public image of our profession. I would go so far as to call this a paradigm shift in American culture. In the opinion of many of my compatriots, this shift has been an important driver of the decline in influence of actuaries, both in the public eye and in their own organizations. This trend is evidenced by the slowing down of the growth in our membership, encroachment by other financial professionals on territory we have felt to be ours and the decreasing percentage of company senior management positions filled by actuaries. The last part of this letter is a call to action to meet this complex set of challenges.

The Gap in Quantification Skills Between the Actuary and the Average Public

It has often been written that education standards in the U.S. have declined over the years. That said, the disciplined set of examinations necessary for the Fellowship

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Emerging
Issues and
Goals for
2003 inside
this issue!



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SOCIETY OF ACTUARIES

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credential is setting the actuary further apart from the average person, so much so that the actuary finds it very difficult to explain many of the most rudimentary elements of actuarial science to the public, let alone communicate the value he brings to resolve financial uncertainty issues. The public is especially gun-shy when confronting someone who perceives his business environment as a set of probability distributions.

Part of this communications problem emanates from the fact that we are both a small profession and a publicly remote profession. People understand the need for attorneys to be precise in their contractual language requirements and complex procedural rituals, partly as a result of the great number of attorneys in this country and their frequent contact with individuals. But the public doesn't understand the need for much of what the life actuary does—in part because of our lack of one-on-one exposure to the public and in part because we are such a small profession.

De-emphasis of Long-Term Focus

It appears that the public focus has become shorter-term over the last 30 years. To a greater extent in recent years, the actuary's natural focus on the long term appears to try the patience of the investing or insured public. To an increasing extent, urgent issues, (e.g., sales growth and current earnings), are tending to take precedence over long-term important issues (e.g., solvency, long-term earnings and long-tailed risk). Ask anyone who has to contend with Wall Street analysts. Inasmuch as the life actuary is generally trained to focus on the long term, that particular focus isn't as valued as it once was.

In addition, within the industry itself, the decline in importance of the mutuality concept in the industry has lessened the emphasis on equitable distribution of surplus based on long-term retrospective financial performance of the respective classes of policyholders. GAAP accounting tends to emphasize current earnings over the cumulative contributions to surplus among the various policyholder classes. Some have expressed it as, "GAAP is a what-have-you-done-for-me-lately concept."

Litigation Threats and the "Equality of Treatment" Movement

There has been a major shift in American culture over the past 25 years towards equality of

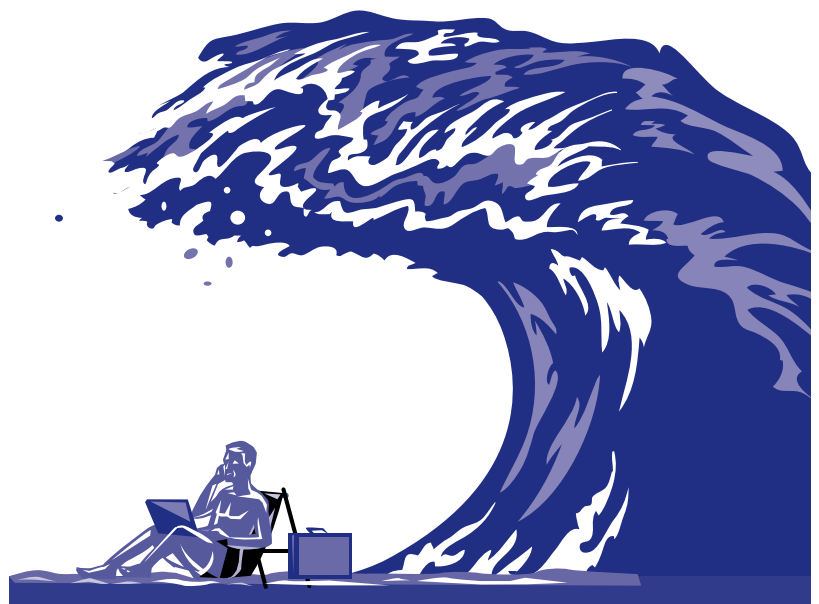
result/treatment, and excusing past behavior or past non-performance. High aspirations, competitive spirit for class ranking, and the drive to succeed in one's life's work were character traits to be greatly admired 25 years ago but apparently less admired today, in the face of a drive towards "equality of treatment," in part brought on by a combination of a litigious society and the political correctness movement. Two examples outside the life insurance industry are:

- The increased difficulty of discharging an employee for incompetence (as opposed to discharging for behavioral problems).
- The difficulty a public school teacher has in punishing a student for cheating.

We have borne witness in our own industry, where the constraints on our ability to classify risk and take appropriate action have become more significant over the past 25 years. This is evidenced in some state health insurance community rating regulations and the advent of unisex premium requirements in certain fact patterns.

Thus *one of the very core aspects* of an actuary's professional life—assessment of risk and discrimination by risk class—could be running counter to the public concept of "equality of treatment," as opposed to the concept of "equity of treatment." Some might say that "equity" is a narrow actuarial concept. I would disagree. "Equity" is a fundamental concept of the industry in keeping our insuring organizations viable long-term.

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Why a Life Practice Area Newsletter?

by Narayan Shankar

There currently does not exist a forum for identifying the common challenges and concerns facing life actuaries, and building a dialogue around these issues. Without this, it is difficult to bring focus to the opportunities and threats we face, to develop a shared vision for addressing them and to mobilize our energies toward advancing our practice and our future. Being a life actuary is a well-defined and important part of our professional identity, and until now, we have not had a newsletter that explores and expresses all the many facets of that identity.

Mission

The goals of this publication are:

1. To foster a “Life Practice Area” (LPA) identity.
2. To build a dialog around LPA direction and communicate initiatives undertaken by the LPA and its leadership.
3. To communicate “emerging issues” faced by life actuaries, identify who is working on them and

provide references to sources of information on these topics.

4. To communicate the “life industry” environment in so far as it affects LPA members.
5. To provide information that is helpful in personal development and career advancement.
6. To communicate the achievements of LPA volunteers, particularly those on the various committees and task forces.
7. To seek feedback from LPA members on professional needs, including research and desired education content.

Content & Frequency

The newsletter will be published twice per year. Our goal is to keep it brief and hard-hitting, not waste your time but provide you with a valuable professional tool that you look forward to receiving. We will structure it in a standard format you will come to recognize, with regular features/ sections that appear in each issue, so that you can immediately identify and turn to what interests you most.

Like any other SOA publication, the LPA newsletter depends on you to provide articles. Your generosity in sharing your knowledge and commitment to advancing the profession through engaging in active dialogue are vital. Please contact the editor if you have an idea for an article that is consistent with the newsletter’s mission (stated above). Letters to the editor are also welcome.

The newsletter will be published online as well as in hardcopy/e-mail. The paper/e-mail version is likely to be an abbreviation of the online version, which will contain more dialogue and exchange of ideas on issues. The online version will also contain links to additional sources of information on issues raised in the newsletter. Happy reading. And do provide us with your feedback on the newsletter. We depend on you to identify ways in which we can improve and meet your needs more effectively. ✧



And it is the actuary who provides value to the industry in maintaining equity. This can often be a difficult message to communicate to the public.

The Resulting Public Perception of the Life Actuary

Enough has already been written in the professional media about the movie, “About Schmidt,” so I won’t belabor the point, other than to say that Warren Schmidt, a life insurance company actuary about to retire, was presented as an intelligent man but not as a heroic figure. Rather, he was presented primarily as a beaten-down, tired man, mild-mannered but smoldering with resentment—and only secondarily as an actuary. Apparently the producers of the movie thought that making him an actuary (instead of an attorney, his profession in the original book) would fit well with the character they wished to portray—a person dealing with arcane mathematical issues having little to do with subjects of common dialogue in the public, and “consequently” a limited ability to communicate. All in all, it is unfortunately a rather striking poster-child for what could be the public view of an actuary.

The young potential actuarial candidate cannot help but be influenced by the above culture shifts. Will he be proud of his profession if the public assumes a less prestigious or less socially purposeful view of it? Will he be willing to sacrifice years of travel time to attain credentials in an profession that finds it increasingly difficult to explain itself to a more hostile outside world?

Intra-Organizational Issues

One would think that actuaries would have an easier time of it within their own organizations. However, at least in my perception as a life insurance company actuary, and from my discussions with actuaries in many companies, the influence and power of actuaries has been in decline for 25 years within our own organizations. A potential driver of this decline has been the impact of the paradigm shift in American culture discussed above. An additional driver is the fact that, unlike many other true professions, the life actuary often faces one major problem that an architect, engineer, airline pilot or doctor does not have; those other professions perform in such a way that they get relatively quick, tangible results, such as buildings, machines, safe landings and successful surgeries respectively. The results of the actuary’s decisions are often not felt for many years in the future.

Thus the value that the actuary brings to the table is not often immediately perceived. In a senior management meeting it is sometimes the “articulate, incompetent” person that wins the day on issues that are primarily actuarial in nature, to the detriment of sound financial decision-making. This problem of insufficient influence and respect has always existed in varying degrees. However, with increased competition and product complexity, and to some extent a trend towards hiring senior management from outside the industry, this problem has been exacerbated.

Conclusion

The Board of Governors of the Society of Actuaries has embarked on a strategic plan to fortify the future of our profession. The Strategic Planning Committee (SPC) is still in the early stages of pursuing the root causes of the above problems, through compilation of membership survey results and working group deliberations. The SPC is to be commended for taking on this task and for its fine work to date. However, the problems involve all of us, and the SPC cannot resolve this external culture issue alone.

Personally, the actuarial profession has served me very well, and I have felt it appropriate to give back to the profession, to help build and maintain the respect and influence that actuaries should have, both in the public eye and in the organizations in which they work. Our profession is blessed with many people who serve as volunteers that have helped strengthen the profession. However, I believe we need more volunteers, especially those who can “get the word out.” We would all benefit from the result.

This editorial can be viewed as a “call to action”, especially to those who have tended not to take part in professional activities, if they feel that they could pay back to the profession that has served them. I would urge those people to contact the Life Practice Area staff Fellow, Narayan Shankar, to see if they could be of help in strengthening the image and influence of our profession.

What can the volunteers do? I have some thoughts. Creative marketing of the value of the actuary might be able to turn the above issues into positives. We need to make concerted efforts to develop good “talking points.” We need to find ways to get up in front of non-actuarial audiences and let them know the valuable services we provide. Hopefully, then we can clear away some of the fuzzy thinking that is out there in the public psyche. ❀

A First Look at the Issues

A membership survey conducted last year showed that members expect the SOA to keep them informed of emerging issues in their areas of practice. Members responding to the survey felt that the SOA's performance in communicating emerging issues needs improvement.

Responding to this feedback from members, the Life Practice Area (LPA) has created an Emerging Issues Advisory Group (EIAG) chaired by Larry Stern. Larry is currently in the process of recruiting members for the EIAG, by contacting former chairs of section councils affiliated with the LPA. The charge of the EIAG is to identify and prioritize emerging issues of interest to life/annuity actuaries, and to make recommendations on how the SOA should respond to these issues.

The response can fall within a wide range: (1) alert members of the existence of an issue, (2) provide references to literature on the subject and act as a clearing house of information by providing updates on developments, (3) develop programs to educate members on the topic, (4) provide analysis, evaluating the impact of different alternative approaches to addressing the issue, (5) take a position, i.e., recommend a preferred course of action and (6) take action by mobilizing resources to achieve a desired result, capitalizing on opportunities on behalf of members.

The LPA has already set in motion the process of identifying emerging issues. Each affiliated section council was asked to identify issues they thought were important. These issues were classified into one of three categories and are provided below. The EIAG will work next on prioritizing these issues. They will compile

information on the status of these issues, such as (i) Who is working on them? (ii) What is known about it? (iii) What resources are available to SOA members to bone up on these issues and (iv) How should the SOA respond to the issue—more research? Education? Advocacy?). The EIAG's analysis will provide guidance to SOA committees to help them address the issues in the most effective manner.

This newsletter is one of the ways the Life Practice Area will communicate emerging issues to the membership. Future issues of this newsletter will provide reports of the EIAG's work and recommendations. Further information on the issues will be published when available. Members are requested to contact the SOA if they wish to help address an issue of interest to them. Please call Narayan Shankar at (847) 706-3523 or e-mail nshankar@soa.org, and he will put you in touch with a committee or task force you can work with.

The issues have not yet been prioritized. The numbering of items below do *not* rank their relative importance.

Strategic Issues

1. Globalization—North American insurance companies are increasingly being acquired and owned by foreign organizations
2. Consolidation of insurance organizations (M&A)
3. Convergence of financial services organizations (banking, securities, insurance firms are coming together)
4. Perception of actuaries as uni-dimensional practitioners

An emerging issue for the LPA would have one or more of the following characteristics:

- It is a significant environmental/industry/demographic change or trend that impacts life actuaries
- It might not yet be widely recognized as a problem
- It may require an urgent response in some cases, while being a long-term issue in others
- It demonstrates leadership and vision for the SOA to do something about it
- Different actions are possible, requiring careful analysis and discussion, with "doing nothing" probably not the best approach
- It requires significant use of SOA resources, hence the need to carefully choose the response
- It advances the vision of the SOA, and consistent with its overall strategy to respond

5. Relevance of traditional actuarial roles in a changing business landscape
6. Relevance of individual insurance and annuity products to customers in light of changing demographics, mortality risk, family structures and availability of substitute programs (social insurance etc.): inventing products for the 21st century and the retirement years of the baby boomers
7. Industry response to and product management under unthinkable economic scenarios that might materialize, such as very prolonged low interest rates and/or deflation
8. The actuary's role in Enterprise Risk Management—developing optimal liability portfolios, integrated ALM and operational risks
9. Competition from other professions
10. Content of FSA education
11. International Accounting Standards
12. Rapid growth of insurance markets in emerging economies, while growth of actuarial membership is flat in North America
13. Paradigm shift in American culture (increased litigation, emphasis on the short-term, form over substance etc.)
14. Possible future legislation impacting the competitive position of life insurance and annuity products (such as elimination of personal taxes on interest and/or dividends, and the introduction of Lifetime Savings Accounts etc.)
15. Patenting of products in the insurance industry
16. Litigation against actuaries
17. Promoting image of actuaries as risk managers - actuaries have the skills to be risk managers in a variety of industries, how do we create risk management opportunities for actuaries?
9. Derivative-based benefit risk management
10. Bridging from life insurance to annuity income
11. Hybrid products
12. Techniques for managing risk concentrations
13. ALM in current investment environment
14. Asset/Investment risk based reinsurance—issues arising on modco structures, declining/low interest-rate environment, etc
15. Collateral under reinsurance agreements
16. Application of stochastic modeling
17. Interpretation and implementation of guidance in GAAP reporting
18. Application of Actuarial Guidelines
19. Actuary's role in solvency management (STAT reporting)
20. Disclosures in financial reporting
21. How to find and use valid data in a rapidly changing environment
22. How to identify and measure various risks embedded in a product and determine an adequate return
23. Protective value of emerging underwriting tools and their applicability
24. Genetic testing and underwriting
25. The role of the SOA in compiling and disseminating mortality experience that meets the needs of actuaries and the life industry
26. Keeping up-to-date with new and emerging regulations (AOMR, CSO changes etc.)
27. Terrorism and war exclusions

Technical Issues

1. Pricing, reserving and accounting of guarantees on variable products
2. Reinsurance of guarantees in variable annuity contracts
3. Fair value of liabilities
4. Determination of economic capital at the product level
5. Understanding long-term mortality trends and pricing long-term mortality guarantees under uncertainty
6. Projecting morbidity, persistency and expenses over the long term
7. Pricing of preferred mortality classes
8. Derivative-based benefit buyouts (like viatical and lifetime settlements)

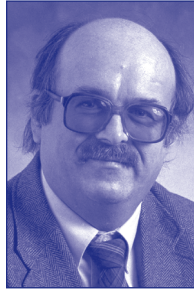
Emerging Technical Hot Topics

1. C-3 Phase II RBC and its implementation
2. AXXX implementation
3. Annuity Standard Nonforfeiture Law revision
4. General Standard Nonforfeiture Law revision
5. UL secondary guarantee nonforfeiture
6. 2001 CSO tax issues and high-age implementation
7. Need another valuation table than 2001 CSO for simplified issue
8. Developing an industry substandard table
9. AICPA proposal for GMDB reserves
10. Revising the Standard Valuation Law in light of XXX and AXXX
11. CARVM—Reflecting Partial Withdrawals on Variable Annuity Contracts
12. Accounting for Variable Annuity Guarantees
13. Purchase Accounting
14. Accounting for Internal Replacements
15. DAC Amortization for Variable Products
16. Sarbanes-Oxley ✨

The Numbers about Ourselves

by Larry M. Gorski

The Mission Statement of the Life Practice Advancement Committee (“LPAC”) of the Society of Actuaries is quite simple: “LPAC is responsible for ensuring the SOA’s service to members by addressing current and future needs of practitioners and the profession.” To fulfill this mission, the LPAC has analyzed SOA membership demographic data to better understand the magnitude and diversity of the SOA membership that aligns itself with the Life Practice Area (“LPA”). I’ll identify some of the significant findings from this analysis.



The most obvious question to consider is the number of actuaries that are aligned with the LPA. Of the 17,089 SOA members, 4,663 (27 percent of total SOA membership) are aligned with the LPA. The Practice Area with second largest SOA membership is the Retirement Systems Practice Area with 4,351 members. The next largest Practice Area is the Health Benefit Systems with 2,487 members. An important fact that needs to be considered at this high level of analysis is that 2,170 SOA members did not select a Primary Practice Area. Do these members have professional needs that can and should be served by the LPA?

Besides being the largest practice area, the LPA also is the practice area with the largest percentage of membership residing outside of the U.S. and Canada. Fifteen percent of the LPAs membership reside outside of the U.S. and Canada. This compares with an SOA average of 9 percent. Focusing on Associates of the Society of Actuaries (ASAs), the percentage of LPA membership residing in a country other than the U.S.

and Canada is 24 percent compared to the SOA-wide 14 percent. The challenge in understanding and meeting the needs of members residing around the world is obvious. How do we meet the professional needs of these members?

Almost three quarters of the LPA membership are employed by insurance organizations as compared to consulting firms. The dominance of employment by insurance organizations holds up whether an LPA member is an FSA or ASA. The preponderance of employment by an insurance organization is another way in which the LPA differs from other practice areas. Does this fact have any implications the LPAC?

Life Practice Area members are “joiners.” About 2,640

(68 percent of total Section membership) of us belong to the Product Development Section, 2,240 (60 percent of total Section membership) members belong to the Financial Reporting Section and 1,722.

Thirty-nine percent of members belong to the Investment Section. LPA members comprise more than 50 percent of the membership of the following sections: Product Development (68 percent), Financial Reporting (60 percent), Reinsurance (57 percent), and the Smaller Insurance Company Section (61 percent). Many LPA members belong to more than one of these sections. This fact may have implications for designing

continuing education programs and sessions at SOA meetings.

It appears that the LPA is large in size, diverse in interest, eager to join, and spread around the world. The LPAC views this situation as a challenge and an opportunity. ✧



Life Practice Spotlight: A Look at Scott Cochran

by R. Dale Hall

In each edition of *The Life Actuary*, the Life Practice Spotlight column will highlight SOA members involved in the different and expanding roles of the life actuary. In this edition, we turn our attention to Nashville, TN and Scott Cochran, FSA, vice president of Product Development for CNA. We interviewed Scott earlier this year to get his thoughts about how his actuarial background has helped build up a strong skill set for his current position.

Dale Hall (DH): Scott, thanks for taking time for us to talk about your work in the development of life insurance and annuity products. You started out as a student at Capitol American in Cleveland, OH then on to Conseco in Carmel, IN. These years were spent passing exams and gaining experience as you worked your way up to Vice President of Product Development at CNA. What parts of the exam process do you feel contributed most to that success?

Scott Cochran (SC): The exams certainly provided a strong foundation in the fundamentals of the industry. Our industry has unique accounting conventions, valuation laws, product innovations, and legal considerations and the exams were a platform of essential knowledge from which to build. In addition, it never ceases to amaze me the tremendous amount of respect the exam process generates within the industry. Actuaries, of course, give a large amount of respect to candidates who successfully complete the exams, but it also impresses me the amount of respect from non-Actuaries. Passing the exams provided an excellent level of knowledge to me personally but also created a mark of credibility in dealing with others in the industry.

DH: Looking back at that part of your career, do you see particular actuarial topics that were helpful in preparing you for the future?

SC: It became clear from the start that subject matter knowledge—both in depth and in breadth—was going to be very important for success. You couldn't walk into a meeting involving underwriters, marketing and legal and be unprepared on the details and their impact on product development. The exams helped me learn how things such as product features or valuation laws impact pricing, profitability and marketing appeal of insurance products. Developing a set of communication skills in order to demonstrate the details of products became an important skill early on as well. I ended up discussing some detailed ideas with people of diverse backgrounds—from agents to auditors.



Scott Cochran

DH: What types of work are involved in your role at CNA?

SC: I lead the product development area, which includes the research, design and pricing of our individual life operations and services. We also have responsibility for implementing the products and managing the portfolio of products being offered. As generally occurs with product actuaries, of course, there are always some secondary areas of responsibility to the job. I get involved in varying degrees with our parent company Loews, the administration and operations areas, assisting on financial and legal topics and planning the future strategies of our business. Being involved with the agents and agencies who write our products is a critical part of our work as well. Today, I'm heading for a press conference announcing a new association for Hispanic insurance professionals. It's

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The Practice Area's Goals for 2003

The Life Practice Area (LPA) is led by the Life Practice Advancement Committee (LPAC), whose chairperson is appointed by the president of the SOA. LPAC is responsible for advancing the practice and serving the professional needs of annuity/life actuaries. This is a broad responsibility, encompassing basic/continuing education, research, experience studies, communication/networking among members, fostering new practice specialties and advocacy activities such as strengthening the image and professional standing of life actuaries.

Most of this work is performed by volunteers. To ensure scarce resources are utilized effectively, and only high-value activities are undertaken, the LPA needs to organize itself appropriately. The governance structure should facilitate the identification/prioritization of critical issues and the implementation of initiatives that address these issues, with clear accountability for the results. The LPA's key goals for 2003 involve establishing the governance structure that will move the practice area forward in future years.

1. Implement a strategic governance model for LPA and establish an effective "leadership" team to provide direction. Strengthen relationships with committees and sections by improving communication and involving them in the leadership process.
2. Implement a process to identify and communicate profession-wide and LPA-level "emerging issues" to the LPA membership.
3. Develop a stronger "practice area" identity within the LPA. Develop a customer-focused approach to delivering service, initiating and fostering a strong two-way communication link with LPA members.
4. Reinvigorate or dissolve inactive committees and task forces, redefine mission for committees where applicable.

Progress toward these Initiatives

1. **Implement Strategic Governance:** A new governance structure was established, with four functional areas under LPAC, managed by oversight groups. The four functional areas are Education, Research, Experience Studies and Communications. Chris DesRochers is responsible for oversight of Education, Mary Bahna-Nolan for

Research, Faye Albert for Experience Studies and Larry Gorski for Communication. Each technical committee will report to one of the oversight groups, with the chairs of the technical committees participating in the governance of their functional area. An "Emerging Issues Advisory Group" (EIAG), chaired by Larry Stern, will support the four functional areas with environmental intelligence to help them prioritize their initiatives.

2. **Identify & Communicate Emerging Issues:** A fairly comprehensive list of emerging issues has been developed for the LPA, with input from affiliated sections. The EIAG will prioritize the list and advise on the type of response the SOA should consider to address the issues. The list is published on page six of this newsletter. We welcome your input on the issues.
3. **Strengthen Practice Area Identity:** A "welcome" letter was sent to all life practice actuaries explaining the practice area, its mission and initiatives and its migration to a customer focused approach to service. A meeting session at the Washington D.C spring meeting was held to obtain direct customer feedback and ideas on our direction. *The Life Actuary* newsletter, which will tie together the various special interest groups of the life practice area into a unified whole and bring attention to the issues that generally affect life actuaries, is another initiative that contributes toward this goal.
4. **Address Committee Issues:** The Mortality Studies Working Group has been established to make recommendations on the long-term strategy for life insurance experience studies at the SOA. Analysis of opportunities to revitalize various committees is expected to occur over the next few months.

As you can see from this progress report, we are off to a great start, but much more work is being done. There are many challenges ahead as we strive to improve service to members and strengthen the future of the profession. We will report on the progress toward our goals in each issue of *The Life Actuary*. ✂

Report on LPA Committees and Task Forces

by Karen Gentilcore

Life Practice Area committees and task forces work diligently to deliver valuable research and education products to our members. Here is just an inkling of projects they are working on.

The Committee on Life Insurance Mortality and Underwriting Surveys (Allen Klein, Chair) is finalizing reports of the Mortality Improvement Survey and the Preferred Underwriting Survey of Reinsurers. Work continues on the Preferred Underwriting Survey, and they will begin a Simplified Issue Survey this year. Recently completed was a survey that examines the use of computer technology for mortality studies and underwriting. Also finished last year was a survey that examines the early responses, including pricing methodologies, to the Triple X reserving requirements.

The Committee on Life Insurance Company Expenses (Sam Gutterman and Timothy Harris, Co-Chairs) completed the 2003 Generally Recognized Expense Table (GRET) and is starting on the 2004 GRET. They are finalizing the results of a compilation of life insurance and annuity product expenses experience information from 29 life insurance companies and expect to have a report with tables this year.

The Committee on Life Insurance Research (Bob Johansen, Chair) has several projects on the table and under discussion. They are already making plans for the 2005 "Living to 100" symposium, taking lessons learned from the 2002 symposium. They are reviewing published results of the effects of environmental tobacco smoke on mortality and morbidity and defining the actuarial and statistical relevance of the results. A report should be available in the fall. The Flexible

Premium Product Persistency Study is a major study being conducted by the SOA and LIMRA.

The Mortality and Morbidity Liaison Committee (Rick Bergstrom, Chair) focuses on supplying the life insurance industry with recent disease-specific mortality information suitable for underwriting ratings. The Blood Pressure Study is completed and published in the *Journal of Insurance Medicine* and *On The Risk*. Data for a Build Study and for a Diabetes Study are being collected and assessed, with experience reports expected in the fall.

The Mortality Guarantee in Variable Products Experience Study examines mortality experience during the deferred period under variable annuities and other contracts with similar benefits. The project is being conducted by the **Task Force on Mortality Guarantees in Variable Products** (Bob Johansen, Chair).

Specialty Guides—are they of value to our members? This question will be posed to the membership and provide guidance on whether we should continue with a committee to create and maintain them.

Jim Dallas recently stepped in as **Chair of the Committee on Individual Life and Annuities Professional Development**. This committee reviewed the professional development model plans and is making revisions and updates to them. Their next objective is to compare the model plan topic listings with the continuing education session topics to see if there are any topics that need to be covered in future educational events. ✨





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another example of how the life actuarial practice area is expanding its role to more and more involvement than the typical number-crunching.

DH: As actuaries move through their careers, they gain insight from others in the life practice area and then take that knowledge forward. Can you identify some key ideas you've picked up in your actuarial work that has helped your approach on new projects?

SC: Insurance products create a large number and diverse set of risks for the writing company. I've learned from others that it is crucial to know the broad range of risks and your exposures. You have to know the business—not only what is expected to happen, but also what potentially could happen if the right conditions

occur. The power of networking is important as well, especially in areas that are outside your own personal expertise. It's essential to know your strengths, and vital to make sure you have access to those who can support your weaknesses. I've learned as much or more from others outside the actuarial world, and find that experience very valuable. No matter who you are working with, it's important to realize their goals and motivations and how that impacts their decisions.

DH: Scott, thanks for the insight. It's encouraging to hear from a life actuary who has worked with a wide variety of areas with several companies and to see how that directly impacts the work you do. Best wishes for future success. ✨