



SOCIETY OF ACTUARIES

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Section Council Drafts Guidelines for Funding Research Projects

by Jeffrey S. Katz

At the Reinsurance Section Council's meeting during the SOA Annual Meeting in Chicago last October, two Section members asked the Council to contribute Section funds to a mortality research project. The Council realized that the Section had no guidelines in place for making decisions regarding research expenditures. Rather than consider each such request on an ad hoc basis, the Council decided to draft a set of guidelines for funding research projects. At the same time, the Council agreed to survey Section members regarding the appropriate annual budget level for research.

As this issue of the Reinsurance Section News goes to print, the guidelines are in their second draft. They set forth the roles of the Section Council and the Council's Research Review Committee in considering research funding requests. The Committee will be made up of three Council members whose role is to evaluate each research project and make a recommendation to the Council as to what extent the Section should fund the request. The guidelines are also intended to help persons wishing to submit research funding requests by suggesting the kinds of information the Committee will require in evaluating a request and the factors the Council will use in making its decision.

In terms of budgeting for research, the Council has established a budget for the 2001-2002 fiscal year of \$20,000, based on the Section's current financial situation and the response of the members to the blast e-mail survey of their thoughts on research funding. The Council received more than 170 responses to the survey. Option (b),

budgeting based on a percentage of surplus funds each year, received the most votes, but had a plurality of less than 40%.

Option (a), percentage of revenue, was second, with a fixed dollar amount (Option (c)) third. Only 10 members, less than 6% of the votes, favored spending no Section funds on research.

Several members suggested that a portion of the Section's current \$90,000 surplus be added to the research budget as a one-time supplement, given the large amount of the surplus relative to annual Section expenses. These suggestions were a factor in the Council's decision to set the initial budget amount at \$20,000. Future budget amounts will be set as a flat dollar amount, depending on the Section's financial condition at the time. The Council would like to thank those members who participated in the survey and the many who took the time to contribute their thoughts.

The Council's guidelines attempt to avoid some budgeting pitfalls commonly associated with government. There is no requirement that budgeted funds but spent, nor does the level of spending in one year influence the budget in the next year. Funds that are budgeted by unspent during a fiscal year do not roll over into the next year.

Having established a budget for funding research, the Council would



like to encourage the submission of requests for funding. Once the guidelines are finalized and adopted, they will be posted on the Reinsurance Section's page on the SOA Web site. In the interim, interested parties can get a sense of the kinds of information required in a proposal by going to the Health Section's page on the Web site (<http://www.soa.org/sections/healthprojects.html>). The Council would like to thank the Health Section for providing a lot of good ideas via their Request for Proposal conditions at that Web site. A key consideration for any project is that it produce benefits for the members of the SOA Reinsurance Section. Research funding requests may be submitted to any Section Council member for consideration.

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