



SOCIETY OF ACTUARIES

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## Editorial

# We have only just begun

by R. Stephen Radcliffe

The Centennial Celebration meeting in Washington, D.C., was a fantastic success. It was a clever combination of a happy celebration of our many past accomplishments and a serious consideration of the challenges that face our profession. Thank you, Tommy Bowles, for a memorable event.

I came away from the meeting feeling good about our profession. We have much to be proud of. The financial security systems that we have cared for have prevailed through economic ups and downs for more than 100 years. We actuaries were the scientists, architects and engineers who developed, built and maintained these financial security systems. The systems have endured because they were built on a foundation of sound principles. This is the gift of our profession to our society and our economy. Even though actuaries have often been chided for their conservative bent, it is this conservatism that provided the glue that held the financial security systems together during times of stress. Recent surveys have shown that our publics are thankful and generally trust the actuary with the safekeeping of their insurance institutions.

History has been kind to us. We have been fortunate to participate in and contribute to a free economy. The growth of our economy and these institutions has allowed us a handsome opportunity to grow. We should be thankful.

The future of the actuary looks very bright indeed. Opportunity abounds for our profession to make many more important contributions to society. We need new models, especially in the areas of healthcare delivery and long-term care for the elderly. Much remains to be done in the study of investments and the interrelationship between asset and liability cash flows.

We also need to hone our skills. In the past, we have concentrated our study on the mean values of random variables. The increased volatility in the economy means that we now need to advance our study to the analysis of the standard deviations of these values.

We did not spend all of our time at this meeting congratulating ourselves. Much time was spent considering the serious issues that face the actuary in the years to come. If I could put my finger on one primary threat to our profession, it would be complacency of the membership. Now is not the time to be complacent. Our services are needed now more than ever.

For our ideas to be relevant, they will have to be useful to the publics we serve. For the ideas to be useful, we are going to have to work harder than ever to keep pace with the changing times. Neither can we afford to be reticent about our ideas. The public wants to hear from us and needs to hear from us. We are the keepers of the truth.

Our history demonstrates that we have usually taken a passive role as advisers. In the future, we may need to take an active role and be advocates. Not necessarily advocates of political issues but advocates of truth — the truth inherent in the ideas and principles of our profession. To be effective advocates, we are going to have to learn to clearly communicate our opinions and make a commitment to advance them into the public domain and public debate, or we will be ignored.

So, we have taken a moment to pause along our busy paths to feel good about ourselves, but we cannot rest too long. There is much left to do. May we have as much good fortune in the next thousand years as we have had in the first hundred.

R. Stephen Radcliffe is Senior Vice President and Chief Actuary of American United Life Insurance Company. He is currently a Vice President on the SOA Board and Guest Editor for this Centennial issue of *The Actuary*.

# Five presidents tackle major issues facing profession

The presidents of the Centennial's five sponsoring organizations shared the stage — and their frank opinions on important professional issues — during the Wednesday morning session on "The Challenge from the Leadership."

Each president first gave a presentation, then fielded questions from moderator Robin B. Leckie.

In his remarks, David L. Hewitt, President of the Conference of Actuaries in Public Practice (CAPP), said the consulting field has grown, and CAPP's activities have expanded to reflect that growth. However, he said membership has increased at a slower rate. He attributes the slow growth to CAPP's strict entry standards, which emphasize seniority coupled with other criteria.

"We still have to decide whether and how to embrace a wider group of consulting actuaries," said Hewitt, Senior Vice President, Hay/Huggins Company, Inc. CAPP is exploring a joinder with the actuaries from the American Society of Pension Actuaries (ASPA), a mixed group of whom three-quarters are non-actuaries. However, Hewitt said, "We're not at the point of presenting anything to our memberships."

W. James MacGinnitie, President of the American Academy of Actuaries, said that a major challenge for the profession is to make an effective contribution to public policy discussions.

"This is a particularly difficult challenge because of our small numbers," he said. "We do not have a large bloc of voters that politicians are interested in, nor do we have a history of strong political activism. It is also a challenge because, in many cases, the public policy discussants receive our contribution as unpleasant news. The long-term-cost implications of many public policy proposals are substantial, and one of our contributions as actuaries is to point out those cost implications."

To meet the challenge of contributing to public policy formulation, all actuaries must become better aware of the issues, said MacGinnitie, of Tillinghast/Towers Perrin.

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