

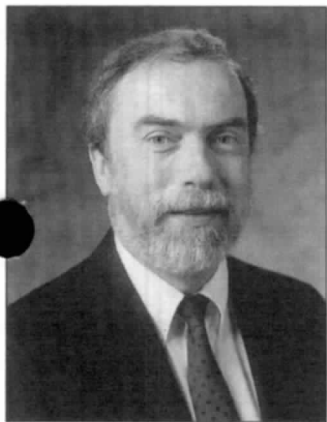


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The Actuary Supplement

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Interviews with SOA presidential candidates



Curtis E. Huntington, FSA



Anna M. Rappaport, FSA



Shane A. Chalke, FSA

To help Fellows become more informed voters, the Committee on Elections and the June issue's editor, Robert J. McKay, asked candidates for the office of president of the Society of Actuaries to be interviewed by *The Actuary*.

These interviews were conducted to provide spontaneous reactions to questions and to supplement the candidates' formal position statements to be published in election materials. After considering numerous questions, including some proposed by SOA members on Actuaries Online, McKay selected 11 questions. As soon as the

second ballot candidates were known, each candidate arranged a telephone interview, which was tape recorded, with Linda Heacox of the SOA Communications staff. The same 11 questions, which were not provided in advance, were asked of each candidate in the same order. Heacox was allowed to repeat but not elaborate on the questions. Candidates had the option of declining comment.

A blind transcript (i.e., answers not identified by name of candidate) was sent to McKay, who is also a member of the Committee on Elections. Without knowing the identities of the

respondents, he edited responses for clarity. *The Actuary* staff was allowed to edit only for grammar. The candidates were sent copies of the transcript before publication, but were not allowed to change or expand their answers unless they believed they had been misquoted.

The Actuary thanks all the candidates — Shane Chalke, Curtis Huntington, and Anna Rappaport — for their cooperation. Their answers are printed here in their entirety. They appear in the order that will be used in the second ballot, which is randomly drawn.

Question 1: What led you to seek the office of SOA president?

Answers:

Curtis Huntington: I've been involved with the SOA in a number of capacities for a number of years. I've had the opportunity to serve both on the education and the research side. And I would like to be able to continue serving the SOA as we go into the next century and make major modifications in our education programs and continue working in developing additional research components. The SOA is an education and research institution. I think it's important that we strengthen both those arms. The opportunity to serve as president would give me a chance to put into place some of the background that I've gleaned by working in a number of areas in the SOA and be able to assist in implementing new programs and new approaches.

Anna Rappaport: I feel there are challenges facing the profession and that I could make a substantial contribution in helping to deal effectively with those challenges. I see it as a great opportunity to make a contribution and do something that will have an impact on the future of actuaries. There are particular challenges I'm concerned about, including how we, as actuaries, add value to our customers and people who use our services; how we respond to some of the public challenges facing our nation that involve actuaries, particularly those involving financial security: Social Security, Medicare, and an aging population, as well as pension and health system public policy.

Shane Chalke: Essentially, because I've been active in the SOA and an observer for many years. I think there are some fundamental things that can be done to ensure the value of the SOA to the membership for the future. We have to do more with science than politics. I do have a desire to steer things in a slightly different direction, to the extent that I can.

Question 2: What, up to this point, has been your most important contribution to the profession?

Answers:

Curtis Huntington: That's difficult to answer. I believe that working as general chairperson of the education and examination system was certainly one of them. I was given the opportunity to work on the E&E system for over 16 years and spent the last 2 years as general chair. That was a major contribution. In addition, in the research area, I served as vice president for research and had a number of opportunities to implement our new research components.

Anna Rappaport: I think I've had contributions in different areas. I've been very concerned with change: social change, economic, and demographic change, and their impact on financial security systems, both employee benefits insurance products and public systems. I've written and published in that area since the early '70s and have worked with clients and actuarial committees on that. I've been involved with the education system in trying to identify some of the issues relating to change and change management, as well as the development over the years of the system for managing actuarial research. So I would say, it's really the focus on change and effectively dealing with it within the SOA, but also within the types of systems we work with as actuaries.

Shane Chalke: Early involvement in getting the SOA Foundation started.

Question 3: What is your personal vision of the Society of Actuaries 10 years from now?

Answers:

Curtis Huntington: Ten years from now, I would hope that the SOA would be recognized internationally as the premier education and research institution. I believe we have the size to accomplish this. What we need to do is make sure we have the reputation to go along with our size so our peer

organizations recognize us. Within the North American theater, I think it's important that the various publics who've come to rely on our services better understand what we provide to help them, and that, 10 years from now, we have substantially new publics that would be coming and working and looking at the SOA for leadership.

Anna Rappaport: I see the SOA as continuing to do much of what it has done, but being different in two important respects. One, I see members having, because of the things the SOA has done, a much greater impact on the key national issues that affect us as citizens and as actuaries, e.g., some of the issues relating to financial security and our changing population. Two, I see actuaries as being much better recognized and at the table more often. My vision for the SOA is that we will have done a good job of building our knowledge base and credibility, and also that we will be accepted, because of our knowledge base, on working on a wider variety of problems relating to risk and financial security.

Shane Chalke: I think what's happening is that we have in the actuarial profession maybe three or four distinct disciplines: property/casualty, health, pension, and life and annuities. And right now, these groups of actuaries have different jobs with different disciplines, different educational requirements, and they produce different results. However, the only reason that these groups of actuaries do different things is because our science is somewhat behind. Every aspect of our profession really deals in some respects with the symmetry of time and risk. What our profession lacks is a unified approach toward evaluation of contingencies over time. If we can gain such a unified approach, I think we will bring our profession together as a unified science. It's often said that actuarial science isn't really a science as much as it is a collection of techniques from other disciplines. I think that's only half true. Because we are uniquely-

situated to deal with the symmetry of time and risk, if we can upgrade our tool kit so that we have a unified approach to contingencies over time, we blend the science together at the roots. Then, the different aspects of the profession don't look so different any longer. There have been a lot of attempts to try to get the profession more unified, but it happened at the political, rather than at the scientific, level. And I think that the parameters of success are to bring the profession together at the scientific level first.

Question 4: The mission and vision statement being developed by the Board of Governors, if adopted, states that "Our mission is to advance actuarial knowledge and to enhance the actuarial profession's ability to provide expert advice and relevant solutions for financial and business problems involving uncertain future events. Our vision is for actuaries to be acknowledged as the leading professionals in the broader area of the assessment and management of financial risk." If this is adopted, what will you do during your term to help accomplish this?

Answers:

Curtis Huntington: I would attempt to have the changes in the education system be implemented in such a way that they were relevant to the proposed mission/vision statement, by consulting with the various publics that would use our professional services and making sure they understood what we were trying to accomplish and that our education system was working toward that common goal. If, as it states in the mission/vision statement, we are attempting to have actuaries acknowledged as a leading professionals in the broader area of assessment and management of financial risk, we need to work on this issue, not in isolation but by looking at our various potential organizations that would make use of our services. We

need to have them talk to us about our approaches to changes in education and proposed changes in research, whether being done internally by the SOA or by the Foundation on behalf of the SOA's goals.

Anna Rappaport: I would try, first of all, to make sure that we understand under that expanded definition who our customers would be and what their needs would be so that we can do an effective job of trying to address and meet those needs. I would be focused on the issue of making progress by adding value to our customers and also focus on what it is we need to do in regard to the knowledge base and effectively communicating and disseminating that knowledge to make ourselves valuable.

Shane Chalke: Make it true. I think, really, my answer to your last question is the answer to that. To be very bald-faced about it, we're not in that position right now. There are many dynamic forces at work in the financial markets dealing with concepts like value at risk where actuaries are not right now at the forefront. And I think what we need to do is to be at the forefront. The key to that is, again, the unification of casualty risks with financial risks.

Question 5: What would your most important priorities be during your term?

Answers:

Curtis Huntington: I would finish discussion on education and examination changes to make sure that they are understood by the membership and the employers of actuaries and that we are going down the right path. I would like to make sure that we have, in terms of research, adequately represented all areas of our profession and not just concentrated our research activities on the traditional areas that actuaries seem to have worked in. That means we should do more work in areas like health insurance, pensions, and particularly in the investment and financial areas, which are new paths through the education syllabus. And as our business becomes more global, it

seems to me we need to make sure the SOA's position in the international actuarial community is well-known and well-expressed and that we continue to work toward promoting the SOA internationally.

Anna Rappaport: I think there are two priorities to focus on. One, making sure that we have a voice and a place at the table on important issues where our expertise can help, whether that is in the public or private sector. That means our having the right knowledge base, being involved in the right inter-disciplinary efforts to build it, and securing credibility in the right places. Two, it probably also means focusing on expanding our research and moving ahead with the educational changes, because the educational changes mean we're going to have the right people with the right education.

Shane Chalke: My emphasis will clearly not be on the politics of the SOA but more on the fundamental essence of what an actuary is. And, in order to attack that, we deal with the areas of principles; we deal with areas of education; we deal with the areas of common scientific foundation between the different branches of the profession.

Question 6: How do you think the proposed changes to SOA basic education will advance the profession?

Answers:

Curtis Huntington: My hope is that, after consultation with users of actuarial services, we will better blend candidates entering the profession with the needs being expressed by users of the profession. My concerns are that we may be, to date, working more in isolation, talking more with ourselves than to our publics. And I think we need to deal with several publics when we're talking about this. One of the publics I believe we need to look at is the candidate base that we recruit from. Are the new exam systems, the new educational approach, going to produce a better class of prepared actuaries? Will we attract the right people into the profession, and will

those people serve the profession well? I think we need to also make sure that the training being provided is relevant to the work the actuary is going to be doing, that the changes are such that we can make better use of both the limited volunteer resources available to do education and to do examinations, and that the education system better integrates the existing college programs in the United States and Canada. To date, it seems that the most underutilized branch of our profession is the academic branch. As someone who has recently joined that branch, I've become increasingly aware of how underutilized it is. We have a limited number of academics. We should have substantially more if we're going to be a vital profession in the future. The educational change program provides a unique opportunity to discover how best to educate from professional educators and to also use them as a bridge toward our prospective candidate base.

Anna Rappaport: The changes are really interesting to me because I go back to when we looked at the issues before we implemented FES [Flexible Education System] and FEM [Future Education Methods], and I was involved at that time. I think many of the issues are the same today. I know the direction is quite different in terms of what we want to do, but some of the challenges are the same. I think the system will enhance what we're doing by giving people a broader understanding and enabling them to apply their knowledge to problems in more different areas. I think that's a very positive thing. I also think that by concentrating our efforts on what we can do best and letting universities play a greater role, that will be a very positive thing, as well. Both of those things should be positive and should help actuaries in different practice areas speak well to each other. But I have to tell you, I am concerned that we get the implementation right and that, in fact, we do solve the underlying problems.

Shane Chalke: I think they'll help

enormously. The key component I'm enthusiastic about is bringing the educational process back to concepts, principles, and theories that are time immemorial and ceasing to waste precious educational resources and educational time on information that is not cohesive and relevant but more transitory in nature, e.g., the nuances of the current state of accounting or regulation or country or geographically specific pools of information. By bringing it back to teaching a systematic method of thought, I think we have a chance to get closer to our ultimate goal.

Question 7: Recently, some leaders of the profession have suggested consolidating the various actuarial bodies in the United States. How do you stand on this issue?

Answers:

Curtis Huntington: As a member of several bodies myself, I think it would be desirable to eliminate duplication wherever possible. I think that would have economic advantage. More importantly, as a representative of the U.S. actuarial organizations to the International Actuarial Association (IAA), I find it increasingly difficult to explain, in any logical fashion, how the North American actuarial bodies interact one with another and why there are so many and why they are so distinct. I believe it would be useful, therefore, to be more consolidated than we are. At the same time, I think it's important to recognize the distinctions that the various organizations bring to a common organization. Members of the Casualty Actuarial Society rightly believe they have some distinctive characteristics and that those distinctions should continue to exist. I believe that we should, in the SOA, as the largest organization, continue to recognize that as a desirable goal. But if we can do it collectively, while we maintain some separate identities, it would be desirable.

Anna Rappaport: I don't have a definite stand. This is an issue that's been under discussion for many years. I do

think it's very important that we focus our energy on dealing effectively with the outside world and not spend too much time on internal issues. If we can find a way to simplify structure and get the job we need done, then that would certainly be a positive. But in the past, every time we've looked at that, there have always been barriers and we've spent huge amounts of energy looking for solutions without, in the end, being a lot better off. So I would really need to think and look at all the issues again, but I do expect to spend more time externally focused than internally focused.

Shane Chalke: I think it's inevitable. I think it should be done. But once again, it will always fail if it's done at the political level. What I mean by the political level is simply trying to take what are now fairly diverse professions and unite them under a single roof, because right now they have different cultures and different needs. However, as we look out into the future, if we are unified on a common theoretical base, then I think the political consolidation will happen much more easily and naturally.

Question 8: What do you think is the greatest threat to the future of the actuarial profession?

Answers:

Curtis Huntington: I believe the greatest threat is potential obsolescence of the profession. We have members who are unemployed or underemployed, particularly in some of our U.S. and Canadian branches. I believe that reflects adversely on some of the past actions of the SOA. There are branches of actuarial science that were clearly dominated by actuaries when they were originally instituted but are no longer seen as relevant to actuarial work. The areas of demography and operations research come to mind, as two examples where actuaries were preeminent researchers in those functions in the past. They are no longer seen by most experts in North America as being an actuarial function. If we do not take great pains to

expand our base of knowledge, we

will have no chance to grow and to expand. We will, in fact, atrophy. And I believe that is a potentially very significant danger to us. The other concern I have is that we do so little work as a profession in basic research. Virtually every other profession we know of in North America has a strong research arm doing, not practical research, not the research of the practitioner, but basic research, for example, the trying out of new ideas in the cauldron of the university where you have the opportunity to see whether new concepts have any validity without worrying so much about there being a bottomline profit. If, as a profession, we rely too much on practitioners and do not have the chance to experiment in the areas of basic research, we will not come up with new areas to expand into. We'll be left with our old areas only, and we've seen what that's done to us in the past.

Anna Rappaport: In some ways, I think the greatest threat to us is ourselves. That is, we're too narrow and if we don't focus on adding value for our customers, they're going to select others to help them with their problems. Also, if we aren't broad enough in our scope and if we don't have interdisciplinary approaches, we're not going to look at issues in a way that's meaningful in the world. We have to be interdisciplinary; we have to be mindful of our customers' needs and apply our knowledge base in a way that's going to be meaningful to our customers.

Shane Chalke: Relevance. Right now, the actuarial profession itself, as defined historically, is fighting for relevance because so much of the theoretical work is being done on the finance side, on the accounting side, and on the economic side. We are under constant threat of becoming less relevant. As I mentioned in my position statement, I think the profession's backlash to that is to attempt to create more relevance by creating more regulatory requirements. I think it will

backfire. Because we are a profession, I think we have to concentrate on fulfilling a business need rather than a regulatory need. I think the current mission/vision statement is exactly right on.

Question 9: Should the SOA be more involved in supporting the debate on public policy issues? If yes, what will you do toward that end?

Answers:

Curtis Huntington: That's a difficult question to answer, assuming that we continue organizationally in the United States to have as many different groups as we do and to be, at the same time, an international body with a substantial presence in Canada. We are an education and research body, primarily. The revised proposed mission/vision statement adds a statement that says the SOA is an education, research, and professional organization dedicated to serving the public and our members. But if we enter into the arena of public opinion, we have the danger of becoming more politicized and not being able to fulfill our principal obligation to our membership. The Academy exists in the United States and the Canadian Institute of Actuaries exists in Canada, and, under the current Working Agreement, they are the public interface bodies. So it would require a major change in the organizational component, it seems to me, for the SOA to take a leadership role in providing public pronouncements. That having been said, there are opportunities for the SOA to do research in new areas and in public policy debate areas and provide information to its membership, many of whom operate in leadership capacities in these other organizations. It seems to me, that's our best way of doing it. Bottom line, we can continue to be an education and research body doing the fundamental work within the SOA and providing the tools needed by professional members representing the actuarial community in the other national bodies that make public

policy pronouncements.

Anna Rappaport: I definitely think we should be more involved in supporting the debate on public policy issues, and I think the answer needs to come in the knowledge base and in the timing of when we're involved. We need to be doing the work that gives us solid research and information so that as the debate moves along, we've got a solid contribution to make that's based on fact, rather than opinion. We also need to be encouraging our members as individuals to be involved. We need to work very closely with the American Academy of Actuaries and other organizations when it comes to the actual participation in the debate at the time. But, our critical role really is making sure the right knowledge base is there and that we're prepared to play a good role. Also, by interdisciplinary efforts in building the knowledge base, we also will be better known to those who might have us at the table or not.

Shane Chalke: It depends what you mean by involvement in public policy. If it is to shed scientific fact on public policy issues, I think the answer is clearly yes. And we do that by producing more in the nature of press releases, brochures, booklets, pamphlets, and that's how you actually become relevant in that light. Should we be taking stands on public policy issues? I think the answer is no. I think that will do nothing but polarize the membership. So many of the public policy issues really center around political stances that are almost religious-like in conviction that I think that's probably counterproductive.

Question 10: What would you do to make the SOA as inclusive as possible of members in all practice areas and geographic locations?

Answers:

Curtis Huntington: I believe the existing mechanism of Sections provides an opportunity for people in diverse units to come together under the umbrella of the SOA and yet continue to operate within their own

specialization. The requirements for continuing education, if these were to be imposed, could be provided by these Sections. Also, the Sections provide us an opportunity to train members who are experts in one area with knowledge in new areas. So it seems to me, that in terms of the diverse memberships, Sections are the vehicles that should be encouraged and utilized to the best extent possible. With respect to the international members, we have all these difficulties in terms of logistics in meeting person-to-person. But with the advent of new communication devices, e-mail, Actuaries Online, video conferencing, we have ample opportunity to share ideas with actuaries across the world. As the SOA becomes recognized by the rest of the actuarial community as the preeminent actuarial education and research body, we have membership in the SOA holding an enhanced reputation. Many actuaries travel extensively. I would provide opportunities for these actuaries to meet in other countries as they're traveling about and provide presentations on what is going on back in Canada and the United States. I would encourage the International Relations Committee and the International Actuarial Association (IAA) and the memberships of the International Forum of Actuarial Associations (IFAA) to help to promote that.

Anna Rappaport: That's really a challenge. I've been involved in several different practice areas over my career. I started in life insurance and more recently have been in benefits, both pensions and health. It's a challenge in that we haven't done a very good job. One thing is to make sure that our meeting agendas are relevant and our research is relevant. I think we've done a much better job with the meeting agendas, having speciality meetings. We also probably need to look at our committee structure and where committees cut across lines, ensure that they are relevant and see if there are

some unmet needs. I think that I would do some closer work with the Sections to find out what the needs are. What should we be doing to meet them? The *North American Actuarial Journal*, I hope, will also help us respond better to the different practice areas. And I come back to thinking of our practice areas as customers. We need to understand what our customers want and listen to them.

Shane Chalke: What you don't do is simply try to expand the infrastructure of the SOA across borders and across professions, because that really doesn't work very well. What you do, again, is develop a common scientific, fundamental bedrock of theory and approach that is not dependent on geographical borders or specialties within the profession. Once you do that, the SOA does become a vessel where various members of the profession can flourish, whether they're working in the United States or Tasmania or whether they're working on pension plan public policy or indexed annuities.

Question 11: What else would you like to have SOA members know about your qualifications?

Answers:

Curtis Huntington: I was employed by a large insurance company for a number of years and spent extensive amounts of time looking at the practical problems of the actuary working in the company environment. In the past three years, I've had the opportunity of going back into academic life and seeing the opportunities through the eyes of students. Also, it gives me the opportunity to work on basic research. My career, therefore, spans both the practical and theoretical sides and I believe has given me a wide range of impressions in how others look at us. I have been an active participant for a number of years in the Actuarial Education and Research Fund, serving currently as both a director representing the SOA and as executive director. I'm committed to

advancing the profession along the roots that we are growing from: education and research. I am a committed member of the international community as well. It seems to me the future of the SOA lies not only with its membership in the United States and Canada, but also internationally. The activities I've worked on in the IAA, first as a U.S. counselor and now as a member of the IFAA, give me a unique opportunity, along with my world travels, to see the actuarial profession on an international basis. I believe that would enhance my ability to work for the benefit of all of the membership within all of the international community.

Anna Rappaport: I guess a couple of things. One, that I have been in multiple practice areas, most recently in retirement and health, and, many years ago, in life insurance. I've contributed to the SOA in many different ways as an author and a panel participant, as well as being involved in education and research during the years. I am trying to personally be involved in multidisciplinary efforts. I'm a member of Pension Research Council and the Steering Committee of the National Academy on Aging. Both of these give me a chance to interact with people from academia and other business and community organizations on common problems. I think it's been very valuable for me. I hope other actuaries will do this kind of thing, as well. Also, one thing I'm particularly proud of, I was selected by WEB, which is a national benefits organization, as the Employee Benefits Professional of the Decade. The thing that made me proud of that was when I talked to people about why I was picked, one of the key factors was that I had done so much to help the career development of many people in the field, both by personal mentoring and the writing and speaking I've done. So I'm proud of that and of my focus on the outside world.

Shane Chalke: (No answer)