



SOCIETY OF ACTUARIES

Article from:

# The Actuary

March 1997 – Volume 31, No. 3

# The Actuary

The Newsletter of the  
Society of Actuaries

Vol. 31, No. 3 • March 1997



Sue A. Collins  
Editor responsible  
for this issue

#### Editor

William C. Cutlip, FSA  
76443.1471@compuserve.com

#### Associate Editors

Robert H. Dobson, FSA  
bob.dobson@milliman.com  
Sue A. Collins, FSA  
collins@tillinghast.com  
Robert J. McKay, FSA  
Robert D. Shapiro, FSA  
73231.102@compuserve.com  
Marc Twinney, FSA

#### Assistant Editors

Selig Ehrlich, FSA  
Craig S. Kalman, ASA  
74262.2543@compuserve.com  
J. Bruce MacDonald, FSA  
jbmlmac@ac.dal.ca  
Ken A. McCullum, FSA  
102757.2132@compuserve.com

#### Puzzle Editors

Louise Thiessen, FSA  
lthiesse@accessweb.com  
Dan Reichert

#### Society Staff Contacts

847/706-3500

#### Jacqueline Bitowt

Public Relations Specialist  
jbitowt@soa.org  
Cecilia Green, APR

Director of Public Relations  
cgreen@soa.org

Linda M. Delgadillo, CAE

Director of Communications and Administration  
ldelgadillo@soa.org

Correspondence should be addressed to

*The Actuary*

Society of Actuaries

475 North Martingale Road, Suite 800  
Schaumburg, IL 60173-2226

*The Actuary* is published monthly  
(except July and August).

David M. Holland, FSA, President

Bradley M. Smith, FSA, Director of Publications

Nonmember subscriptions: Students, \$10; others,  
\$25. Send subscriptions to: Society of Actuaries,  
P.O. Box 95668, Chicago, IL 60694.



Copyright © 1997,  
Society of Actuaries.

The Society of Actuaries is not  
responsible for statements made or  
opinions expressed herein. All  
contributions are subject to editing.  
Submissions must be signed.



Printed on recycled paper in the U.S.A.

## EDITORIAL

# It's up to us

by Sue A. Collins

To achieve the designation of Fellow of the Society of Actuaries, one follows a fairly clear and well-defined path of education and examinations. This path is updated from time to time to reflect the changing environment in which actuaries practice. I would contend, however, that this process simply provides the minimum qualifications needed to practice as an actuary. It does not fully equip new Fellows to effectively carry out all actuarial functions, nor does it ensure their long-term success.

So, how do actuaries gain the important technical expertise not obtained through the examination process? How do they acquire new skills and knowledge when they change fields or countries of practice? How do actuaries develop the communication, listening, management, and negotiation skills necessary to succeed in today's business environment? And, how do actuaries keep their skills current?

The answer is continuing education. Actuaries must recognize that their FSA designations are only the beginning. Continuing education is a critical next step. As actuaries, we must add to our professional asset portfolios all throughout our careers to maintain our effectiveness, marketability, and professional reputation. Obstacles within and without. Most actuaries acknowledge the importance of continuing education. However, obstacles — real or perceived — may prevent actuaries from securing the ongoing education needed to expand their skills, knowledge, and, thereby, their value to employers. With increasing work demands, actuaries often see time as a significant obstacle.

Lack of funds for external courses may also impede efforts. Further, many actuaries may not know where or how to get certain training. Admittedly, continuing one's education is not always easy. Some actuaries are uncomfortable with the process of improving their communication and management skills. And, unfortunately, some just may not have the initiative.

Perhaps the greatest impediment facing actuaries is the belief that continuing education is not formally required except in situations where they are called upon to give public statements of opinion. This position is potentially dangerous. It is true that actuaries do not have to take exams or submit certified hours, in most cases. However, the Society of Actuaries' Code of Professional Conduct requires that services performed by an actuary meet applicable standards of practice. Implicit in this statement is the requirement for actuaries to have knowledge of all current standards and to keep abreast of any changes. To me, this suggests at least a minimum amount of ongoing education (albeit focused on technical skills). Many paths are open. Without well-defined, formal requirements, how do actuaries ensure that they are expanding their skills, knowledge, and value to their employers? I can only share my own continuing education experience in hopes of providing some insights for others.

I have obtained new skills and knowledge in a variety of ways:

- On the job
- Through courses provided by employers, the SOA, and organizations serving the business and insurance communities
- Through self-study

- By serving as a volunteer for industry and community groups

I must admit that some of this education was welcome (such as increasing my knowledge of asset/liability management issues) and some was not really welcome but necessary (such as learning to use new technologies). My willingness to pursue this education has been fueled by an ongoing keen interest in the insurance business.

Given the importance of staying on top of technical issues and obtaining the business skills needed for long-term success, this issue of *The Actuary* contains several articles devoted to continuing education. Nancy Behrens writes on the new initiative recently undertaken by the SOA to coordinate its continuing education programs. Cecil Bykerk

examines how the proposed Professional Development component of the new exam syllabus sets the stage for self-directed education throughout one's career. Ken McCullum addresses the desirability (and necessity) of continuing education from an employer's perspective. Lastly, Michelle Smith encourages us to think of the Internet as a vehicle for expanding our knowledge.

Continuing education is not optional — it is essential. Resources are available to help actuaries maintain their technical and professional edge. In fact, the SOA recognizes its role in providing key aspects of this education and is working to better communicate the scope and depth of its programs. However, the final responsibility for continuing education lies with each one of us.

Welcome, Ken McCullum  
*The Actuary* welcomes Ken A. McCullum as a new assistant editor. Ken became a Fellow in 1994, eight years after earning his bachelor's degree in actuarial science from Ball State. Today, he is an assistant vice president in the individual life product development area of The Hartford Life Insurance Companies, Simsbury, Conn. He serves on the SOA's I-441U exam committee (Advanced Design and Pricing — U.S. in the Individual Life and Annuity Track) and is a member of the Product Development Section. We look forward to the perspectives Ken can bring as both a life insurance product developer and a member of a new generation of actuaries.

## EDITORIAL

# Just what is an actuary?

by David M. Holland  
1996-97 SOA President

A friend was being interviewed by a national news network. At the conclusion, the reporter asked, "For my lead-in, how can I describe your firm?" The answer was clear and concise: "We're a group of consulting actuaries." The reporter thought for a second and said: "Nobody will understand that; we'll just call you accountants."

Though some of my best friends are accountants, this attitude is partly why the SOA defined its vision as "... for actuaries to be recognized as the leading professionals in the modeling and management of financial risk and contingent events."

Steve Blow of the *Dallas Morning News* published a humorous article on *The Yearbook of Experts, Authorities and Spokespersons, 1997 edition*. Trying the book out, Steve called a number of organizations, including the American Academy of Actuaries. He had this to

say about his actuarial encounter:

"Pity the poor American Academy of Actuaries. Its listing says, 'The Academy's mission is to ensure that the American public recognizes and benefits from the independent expertise of the actuarial profession in the formulation of . . . ' Zzzzzzzzzz.

"Bless their hearts. I decided to call the American Academy of Actuaries just so they would remember what their phone sounds like. I . . . asked a hard-hitting actuary question: What is an actuary?

"'An actuary is a financial professional, mathematically trained, who — how shall I say? — projects the costs of future contingent events, events that . . . ' Zzzzzzzzzz."

The Academy has made great strides in advancing the recognition of actuaries in the United States, particularly among key decision-makers. However, a lot still needs to be done. There are



undoubtedly people who could use actuarial advice who are turning to accountants, economists, and others, or who are not being served at all.

I'd like your help. How would you define what an actuary is? I'm interested in definitions from the standpoint of a clear, concise response for a sound bite, as well as a more formal definition that might be suitable for the *SOA Yearbook* or a dictionary. Humorous or rhyming definitions would be welcome just for the fun of it. Finally, what do you think can be done to improve the recognition of actuaries?

Please send your responses to Cecilia Green, SOA Director of Public Relations (e-mail: cgreen@soa.org; fax: 847/706-3599; address: Society of Actuaries, 475 N. Martingale Road, Suite 800, Schaumburg, IL 60173). *The Actuary* will report on the responses.