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DREAMS OF OUR FOUNDING FATHERS

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WALTER L. RUGLAND
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- o A presentation by a panel of historians on the aspirations of actuaries who established our profession in North America, or who helped to organize the four actuarial bodies formed in 1889, 1909, 1914 and 1916.

MR. ERNEST J. MOORHEAD: "Dull would he be of soul who could pass by a sight so touching in its majesty" as seven Past Presidents of various actuarial bodies, showing and telling, within necessarily tight time limits, cameos of pioneers of our profession in North America, selected for their radiance and for the significance of their ambitions.

These seven speakers, in order of their appearances, are:

- o Preston C. Bassett, Past President of this Society, and predictably in due course of the American Academy of Actuaries.
- o L. Blake Fewster, Past President of the Canadian Institute of Actuaries, which I cannot bring myself to call for short the C.I.A.
- o Robert J. Myers, Past President of this Society and simultaneously of the said Academy.
- o Thomas P. Bowles Jr., Past President of this Society and of the Academy.

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- o Frederick W. Kilbourne, Past President of the Casualty Actuarial Society.
- o Walter L. Rugland, Past President of the Fraternal Actuarial Association and of the Academy.
- o Dwight K. Bartlett, III, Past President of this Society.

Little explanation, and surely no apology, is needed for bringing before you, for the second time in two years, tales of our heritage on this continent, especially as we all move closer and closer to celebrating the centenary of our organized existence. So easily, and to our own detriment, do we forget, or fail even to discover, our profession's genealogy, necessary though such knowledge is to our inspiration or humility, as the case may be. Surveying the panorama of world history, the eminent Dame Veronica Wedgwood reached the astonishing conclusion that emergence of western civilization from the Dark Ages into the Renaissance sunshine stemmed from people discovering the glories of their past. Her comment's peculiar relevance to today's program is that one of our subject-actuaries, David Parks Fackler, said at the 1903 International Congress:

The development of [life] insurance was one of the most important results of the reawakening of the world's mind from the darkness of the Middle Ages. The same mental energy and enterprise that led to circumnavigation of the globe and development of the calculus also led man to undertake to provide some mitigation of the calamitous results of death, accident, and disease.

Just one warning: As you listen critically to the career stories of early actuaries, you may be tempted to judge them as if their resources were about the same as our own, which is far from the fact. Most of those actuaries had computers, but in their day computers were people, usually actuarial students being paid \$50 or \$75 a month. Those actuaries had mortality and disability statistics, but they were primitive and often unsuitable for the task at hand. Those actuaries could construct various forms of insurance against death and disability, but they were confronted by a considerable body of opinion holding that insuring one's life was repugnant to sound morals. Illness and death were God's punishment for our sins; hence insurance amounted to an improper attempt to thwart the wishes of the Almighty.

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MR. PRESTON C. BASSETT: I want to talk about Dr. Nathaniel Bowditch. I suspect from what I've read that he would not have been called Nate or even Nathaniel. It would be Dr. Nathaniel Bowditch. He was hired as the first Executive Officer of the Massachusetts Hospital Life Insurance Company, a Company commonly known as "Dr. Bowditch's office."

He had the title of "Actuary," but I didn't discover if it was given to him or he just decided to use it. I suspect the latter. However, it is interesting that over 160 years ago someone believed the title of "Actuary" was important for the Chief Executive Officer. While he was one of the first to have such a title, he didn't produce any significant actuarial work that I could discover. However, there can be no question but that he was a brilliant mathematician and astronomer as well as an astute manager of the Massachusetts Hospital Life Insurance Company.

But let's go back a little. Dr. Bowditch was born in 1773 in Salem, Massachusetts, and left school at the age of 10. His father was a shipmaster and cooper, and Nathaniel followed in these trades.

Nathaniel continued to read and study and was particularly fortunate to have an excellent library available. During the Revolutionary War a Yankee privateer out of Salem, venturing close to the British coast, captured a ship carrying a cargo from Galway to London. In that cargo was an extraordinary library belonging to Dr. Richard Kerwin, an Irish scholar with a worldwide reputation as a philosopher and scientist. This library was brought back to Salem and was the beginning of the Salem Philosophical Library.

By age 21, Nathaniel was gray. He was 5 feet 4 inches, with bright, burning, inquisitive eyes, a sharp Yankee nose and a high domed forehead. At age 22 he went to sea, making five voyages between 1795 and 1803. On his last voyage, at the age of 30, he was master.

During this period he devoted more time to pursuing his studies, particularly in mathematics, navigation and astronomy. He learned Latin in order to read Newton's *Principia*. His first publication was a revised and corrected version of a book on navigation, *The Practical Navigator* by J. H. Moore of England.

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Over the years he continually improved this publication, which became known as *The New American Practical Navigator*, by Dr. Bowditch.

At age 26 he was elected Fellow of the American Academy of Arts and Sciences and later became its President. In 1802 he was given an honorary degree in Master of Arts from Harvard University. Later he turned down offers of mathematics professor at Harvard, University of Virginia and the Military Academy at West Point.

Between 1804 and 1820 Dr. Bowditch published 23 papers in *Memoirs of the American Academy of Arts and Sciences* on astronomical and nautical subjects. He also wrote for the *North American Review*. During this time he was President of the Essex Fire and Marine Insurance Company in Salem and was once described as the foremost mathematician in the country.

In 1823 he became the first Executive Officer of the Massachusetts Hospital Life Insurance Company and had the title of Actuary until his death at age 65 in 1838.

The founding fathers, who were among the well-to-do Boston families, had a keen interest in the Massachusetts General Hospital, and it was at least partially to raise funds for the hospital that the life insurance company was founded. Founded in 1818 it was the second life insurance company in the United States, the first being the Pennsylvania Company for Insurance of Lives and Granting of Annuities in Philadelphia. The founding fathers made an offer to Dr. Bowditch that he couldn't refuse. His annual salary was \$5,000, which was three times what he was earning at the Essex Fire and Marine Insurance Company, and I guess in today's dollars it would be equal to about several hundred thousands of dollars a year. His salary was later raised to \$6,000.

At Dr. Bowditch's request the company's charter was revised to allow the company to receive money in trust in addition to its life and annuity business, and thus from its start in 1823 it was both a life insurance company and a trust and investment company. The Massachusetts General Hospital held 10% of the stock and was paid one-third of its profits after 6% was returned to the stockholders. The trust grew very rapidly and by 1830 was by far the largest

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financial institution in New England. All funds were co-mingled, invested mostly in mortgages, principally in the Boston and suburban areas. One-third of the 240 officers and directors of the company were from 18 Boston families, and many of the mortgages and loans were to these families and their friends. The company started with a capital of \$500,000. By 1832 it had over \$5 million invested. In 1830 it ceased to advertise for new business, and it had never used any agents. In 1832 it had a staff of four: Dr. Bowditch, a solicitor, a clerk and a messenger. However, there were several committees of directors. Three directors were appointed to assist Dr. Bowditch in administration; there was an Audit Committee and, most important, a very highly successful Investment Committee. The life and annuity business was not pushed.

Dr. Bowditch visited the insurance company in Philadelphia before he issued the first policy. He adopted the rates it used for life insurance, but noted that its annuity business was not doing as well, so he increased its annuity rates for his own annuity. Even so, the company lost money on its annuity business. This was, however, offset by the profits from the insurance business. By 1830, when the trust had \$4.9 million in assets, there were only 95 insurance policies with a face value of \$185,000 and 53 annuities with a value at \$63,000, so you can see that his main interest was in the trust business. However, I will make a few comments about the life and annuity business. The annuities could be made payable on more than one life, a medical examination was required for large insurance policies, the maximum age for life insurance was 65, and the maximum amount was \$5,000. Policies excluded death by suicide, by dueling, by the hands of the law, or while at sea or on the Great Lakes. Policies were sold on a level premium basis, and reserves were established. The purpose was to serve the Boston community. These underwriting principles probably were established by Dr. Bowditch and certainly reflect the policies that one would expect from the company actuary.

As I mentioned earlier, he left no significant actuarial work, but through his study of the practice of actuaries in England and Philadelphia, he provided the Massachusetts Hospital Life Insurance Company with a solid basis for providing life insurance and annuities not too dissimilar from the policies we have today.

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The trust business was also limited to the New England area and principally Boston. There were many institutional investors such as religious, civic, educational and charitable organizations, who were often directed to the Massachusetts Hospital Life Insurance Company by the Boston leading families. The charge was a half of one percent of principal.

In summary, Dr. Bowditch left his mark as an actuary of the Massachusetts Hospital Life Insurance Company, as well as an astronomer, navigator, writer, mathematician, investor, and astute manager of the business. The dreams of our forefathers in this profession here are fairly obvious. Just before his death, Dr. Bowditch said that the Massachusetts Hospital Life Insurance Company was doing well and should continue in its pattern of the past, which as you see was very limited. He did not have agents, he did not expand the business, and the company even quit advertising, so his perspective of the future was a small life and trust business operating in the Boston area for a limited group. But he did establish some principles and foundations that led to the growth of the insurance industry.

MR. L. BLAKE FEWSTER: The scene is the Sun Life of Canada around the year 1880. There were five clerks in the office now, and one showed special promise. The President was signing completed policies, and as the young clerk stood beside the President and blotted the President's signature, he was sometimes inclined to stutter. He did the office dogwork, being the youngest lad on the staff, but he spent most of his evenings in the study of life insurance. Joining the company at 17 years of age, on October 2, 1877, he had produced by 1879 a careful investigation into the causes of death among Sun Life insureds. By 1880, he was assisting the outside actuary, and by 1881 he was to be the actuary of the company. Thomas Bassett Macaulay was already a man to watch.

When he came to New York in April of 1889 to be one of the founding and charter members of the Actuarial Society of America, he made this profound statement: "Americans and Canadians are in no way inferior to Englishmen." I have exercised a little bit of liberty in lifting this pronouncement from its surrounding passages, which was a part of a toast to the English Institute of Actuaries at that time. He was being complimentary to the Institute, but at

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the same time expressing his pleasure at the formation of the Society and formulating his dream that we on this continent should be just as successful in our actuarial adventures as the Institute was in Great Britain.

Mr. Macaulay was one of the four Canadian charter members of the Society, and he became the first Canadian to be President in 1899, its youngest President at the age of 39 years. He also was the longest surviving charter member when he died in 1942.

In the Society, he was an avid discussor of many of the early papers. He was often the first one to his feet, sometimes apologizing for not having had more time to do more work on the subject under discussion, but then speaking forth in what appears today to have been an eloquent, scholarly and constructive manner. Back then, the life insurance industry was relatively young, mortality statistics were sketchy and much research on this subject was needed. Facilities for research, by today's standards, were elementary. But as I read Mr. Macaulay's many discussions about the proper mortality table for insured lives by number and amount, for annuitants, for impaired lives, for different geographic locations, and so on, it is no wonder that the subject of sources and characteristics of mortality tables became an important part of the actuarial syllabus for many years. Macaulay himself was always in search of the right mortality table for specific situations and would have been a strong supporter for getting Canadian mortality tables developed for use in Canada at the time new mortality tables based on North American statistics were being discussed in the first part of this century.

As he progressed to the top of his company, Sun Life, he became very interested in the subject of investments, and this was the subject of his final Presidential address in May, 1901. He became particularly enamored with the money-making potential of equity investments. His desire to make money was probably an attempt to build up surplus in his company, and this became his all-consuming mission as President of Sun Life. It was, of course, not without its difficulties when at the time of the stock market crash in 1929, Sun Life had over 50% of its assets in equity investments.

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Like all our founding fathers, Mr. Macaulay had his dreams. I have mentioned a couple of them already.

On the subject of solvency and public confidence of life insurance companies, he felt that when a company gets into an impaired financial condition, its business should be put into new hands by perhaps reinsuring it with a large, strong company. He did not feel it was fair to impaired lives to offer them the cash value of their policy if their company was to be wound up. He believed in scaling down rather than winding up. I know we are faced with these same considerations today in Canada as we move to develop a policyholders' compensation plan.

In his Presidential Address 87 years ago this month, he said, "The justification for the existence of our Society is to be found not so much in the work already done as in that yet undone and which we hope our Society will be able to do in the years to come. Our mission is to extend the knowledge and to aid the intellectual life of all the members of our profession. . . . An actuary will not allow his life to be dwarfed by the narrowing influence of his routine tasks. He will get out of the ruts into which one so easily falls, and he will endeavor to make himself the master rather than the servant of his work."

In speaking about actuarial examinations, he said, "If we decide that we are mere mathematicians then mere mathematicians will we be; but if we make ourselves authorities on investments, law, the drafting of policies, and in short those matters in general which arise at a head office, then we will assuredly be given in time that weight in the councils of our companies to which our knowledge entitles us."

Speaking about the duty of members, Mr. Macaulay, of course, was a believer of Bacon, who said, "I hold every man a debtor to his profession, from the which as men of course do seek to receive countenance and profit, so ought they of duty to endeavor themselves by way of amends to be a help and ornament thereunto."

I would like to conclude with some thoughts committed to rhyme.

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The Likes of Thomas B.

'Twas back 'round eighteen eighty-three
A thought occurred to Thomas B.
That there was little knowledge of
The kind of work that he did love.

For something happened about then
An incident, and it was when
One day, to court, our Thomas B.
Was called to talk mortality.

The judge in charge asked him if he
Could witness for mortality
"Please tell the court," the judge did say
"What your credentials are today!"

To which Tom said, 'tho' somewhat wary
"Sir, I am an actuary"
The judge then said "Not sure I heard
An actuary? -- Funny word!"

"O.K. Whatever that is, sir
But first I must be very sure
That we can spell it correctly
Upon our records, don't you see."

Then to his clerk, the judge deferred
"Clerk, can you spell that funny word?"
To which the court clerk did reply
O - b - i - t - u - a - r - y.

A few regretful words you say
We sometimes hear them still today
But that is why in Eighty-three
A thought occurred to Thomas B.

Something else, he thought, was needed
For his life's work to be heeded
Something like they had in Britain
That is why this story's written.

So when in eighteen eighty-nine
The call went out for men to sign
Up for our first Society
There was no holding Thomas B.

The number then was thirty-eight
Their dreams we now appreciate
And way back then, did Thomas B.
Learn from the others, probably.

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McClintock, Homans, Fackler, three
Who brought most joy to Thomas B.
And they did cast the model for
The learned group we now adore.

Facts, not impressions, did them suit
To seek the truth, to substitute
Became the way for Thomas B.
And all of our society.

We come now near this story's end
But ere it stops let's first append
Some lighter words to show that he
Enjoyed a bit of levity.

A Presidential talk back then
Led him to demonstrate that when
You mixed up all your Qs and Ps
You can come up with fallacies.

A sample that he did contrive
Was drinking helped one to survive
A strange example don't you see
Because a tector'ler was he.

But ne'er-the-less he proved that we
Can tamper with mortality
But facts will show another way
So to conclude he then did say

"A little nonsense now and then
Is relished by the wisest men"
To which I add an urgent plea
To praise the likes of Thomas B.

MR. ROBERT J. MYERS: I have been given the very pleasant assignment of summarizing the careers and contributions of two of the early luminaries of the Actuarial Society of America. The first is David Parks Fackler, who was the founder or at least the spark plug of the Actuarial Society, which was created in April of 1889. The second is Archibald A. Welch, elected at the age of 30 to be a Fellow of the Society in April 1890.

Mr. Fackler was born in 1841. He was a graduate of the City College of New York. He was then employed by the Mutual Life of New York under Sheppard Homans, who, as you all know, was the developer of the American Experience table. Mr. Fackler stayed with the Mutual Life of New York for six years, and thereafter he became a consultant. His might be called the first wide-ranging

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actuarial consulting firm in this country. His firm later developed into a partnership with his son, Edward, and then in 1950 was merged into The Wyatt Company. For about 20 years before 1889 Mr. Fackler maneuvered to get an actuarial association organized. I intentionally say maneuvered because there were great difficulties defining who qualifies as a professional actuary -- largely the same problem we faced in recent years in establishing the American Academy of Actuaries, and in deciding who should be an enrolled actuary under ERISA. As a neutral (i.e., one not associated with any life insurance company), Mr. Fackler was given the assignment of writing the letter of invitation to the first meeting of the Actuarial Society on April 25, 1889, and he presented a noteworthy toast at that meeting. His toast was, "The actuarial profession in America. May the association aid and stimulate its members to earnest individual effort in the interest of life insurance and may all both *deserve and maintain a high professional standing.*"

He had strong views as to the very high levels that should be demanded for qualifications as an actuary. And I must say I feel sympathetic with him, although some have condemned him for taking so long in getting the Association started. One statement he made in his Presidential Address in 1891 brought this out quite clearly: "Gradually, however, the increasing complexity of actuarial calculations compelled the companies to give the rank and title of actuary only to those who were properly qualified. When this proper condition of affairs was attained, the natural instinct of cooperation caused us to come together into this Society as an essential factor of our professional life." Some may consider it unfortunate that he delayed the creation of the Society and also that at that time he did not bring in actuaries from the newly developing companies in the Midwest and the South. I feel sympathetic, having gotten my actuarial education in the Midwest, that the actuaries in that area were not recognized as early as those on the East Coast. Of course, that was the reason the American Institute of Actuaries was later formed.

Mr. Fackler wrote 13 papers and 21 discussions on various subjects, including life tables, the contribution system, surplus distribution, and reserve valuation methods. His last discussion was given only a few months before his death. After his death the American Institute of Actuaries, which, as I mentioned, was originated from the Midwestern and Southern companies and

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presumably did not at first view Mr. Fackler enthusiastically, passed a heartwarming and fine resolution that stated, among other things, that he was the Dean of the actuarial profession in this country.

Archibald A. Welch was born in 1859. He was a graduate of Yale University. He was employed at the Travelers for eight years and then went to the Phoenix Mutual. He worked his way up the ladder there and became President, serving until a few weeks before his death in 1935. I think that Mr. Welch's real role was to complement that of Fackler as perhaps the founder of the Society. Mr. Welch was one of the bright young men who came into the Society at its very start and who carried on its affairs for many years until roughly 50 years ago, becoming President in 1910-12. He presented four papers, including one with an intriguing title, "Individualism vs Communism in the Conduct of a Life Insurance Company." I will just give you the hint that what he meant by communism is not what we would mean today in terms of the Soviet Union. He also contributed 21 discussions.

Mr. Welch was a staunch believer in the need for actuaries to have the highest ideals and integrity, as he believed had been the case in the past. He lived through the Armstrong investigation in the early 1900s and felt that actuaries had come forth with a clean bill of health through those trying times. He uttered some strong words in this connection in his remarks at the Annual Meeting of the Society in May 1917: "As a Fellow or Associate of the Society, you will be asked to advise this commission or that union or some Society, municipal or state, in attempts to secure legislation for some phase of social insurance. If you allow the desire for employment, gain or notoriety to influence your advice by one jot in such cases, you will kill the reputation that secured your appointment, you will lose what men count dearer than money, place or power, and you will bring disgrace upon the Society which has furnished you the opportunity for service." Those are noble words that we can all adhere to. I think we should be inspired by these two talented, early leaders of our profession and carry the banner forward into the future.

MR. THOMAS P. BOWLES JR.: Oswald J. Arnold was President of the American Institute of Actuaries in 1912-13. OJ, as he has been affectionately called for a long time by many people, never sat for an actuarial examination.

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OJ, according to the pure members of the academic community, was not even an actuary, but OJ was a founder of, and a charter Fellow of, the American Institute of Actuaries at its birth in 1909.

OJ never exercised his right to become a Fellow of the Actuarial Society of America, even though he was a Fellow of the American Institute, and even after the Actuarial Society of America in 1939 granted Fellowship degrees to Fellows of the American Institute. OJ was an independent cuss like most actuaries, and he held out. OJ died two weeks after the merger of the Society and the Institute.

In 1909 the American Institute of Actuaries was organized, and OJ was one of its founders and one of the charter Fellows. The Actuarial Society of America, of course, was organized in 1889. About three years from now we will be celebrating the 100th anniversary of the founding of the actuarial profession in North America.

From the beginning of the American Institute of Actuaries in 1909, OJ was on its Board of Governors continuously until his death in 1949. I suppose that is one of the few records of membership on the official board of any one of the organizations. He was President during this time. He was the President or Chairman of the Northwestern National Life Insurance Company from about 1929 until his death; he was on the Board of the American Life Convention and President of it; he was on the Board and one of the chief leaders and driving forces of the Life Insurance Sales Research Bureau. He was also a member of, and on the Board of, the American Society of Life Insurance Presidents, the American College of Life Underwriters and the Institute of Life Insurance.

OJ brought an illustrious career to our profession. He was born in 1873, which was 16 years before the actuarial profession was founded. He became the founder of the American Institute in 1909, and so he was an actuary for 40 years.

The politics that prevailed back when the American Institute of Actuaries was formed is interesting. OJ said that there was a jockeying for position by the men who were doing the home office actuarial work in the newer companies. Few

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of these men were affiliated with the Actuarial Society of America. Many of them could have qualified, but for one reason or another they let the time go by. But they did a creditable job of doing the actuarial work for their companies. It was not those men who suggested the organization of the American Institute of Actuaries. But when these men realized that maybe an Institute was to be formed, OJ said that what they should do was to undertake to shape the developments of the American Institute of Actuaries so that the organization of the Institute could be directed by, company men rather than consulting actuaries, mathematical professors, or others. So you can see they really had politics back in those days. Therefore, OJ said, he undertook to steer the organization meeting of the American Institute along the lines that would actually put the company men in control. The program was agreed upon and put through by a small group of company men, so the policies of the organization were determined, made and carried out by the company men. OJ said in the early days of 1909 they had a fear that the Institute degree might be commercialized, but fortunately, he said, they found that their fear was groundless.

Along about this same time, and when OJ was President in 1912-13, theoretically trained university students or graduates started taking the examinations of the American Institute in droves, some apparently with no idea at all of pursuing the actuarial profession. These men, with rare exceptions, readily passed the actuarial mathematical examinations. OJ said because of the influx of a lot of these young men, the company men and the older men got disturbed, because they thought the old crowd might be pushed out by the young men who had had a much better theoretical training, but who lacked practical experience. So, obviously, the American Institute of Actuaries approached that problem by simply prescribing that you had to have a longer period of practical experience before you could take the nonmathematical parts of the examinations.

OJ also said, as even today we should say, that if we take ourselves too seriously, then we will find ourselves being debunked. While the meetings, OJ said, were conducted in an orderly manner, there was a degree of freedom and informality. Good natured spoofing was not out of place and frequently enlivened the sessions.

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I remember going in 1947 to a meeting of the American Institute of Actuaries at the Edgewater Beach Hotel here in Chicago, and OJ was there. OJ said that the thing that caused some real excitement in 1916 was that the renowned Dr. Arthur Hunter came over from New York and honored the members of the American Institute with his presence, and he came over just to see how it was that the Institute was making things tick so successfully. It gave a great deal of satisfaction to OJ when Dr. Hunter gave his pontifical blessing to the American Institute of Actuaries. The men who came into the Institute after Dr. Hunter's visit to a large extent came from the Actuarial Society of America either as Fellows of the Actuarial Society or as Associates. Previous to that time only about 20% of the Institute members had had any relationship with the Actuarial Society at all.

OJ himself had personal magnetism. He had some favorite quotations that perhaps reveal his philosophy: "There is a destiny that makes us brothers. None goes his way alone. All that we send into the lives of others comes back into our own." He had a broad-gauge view of the responsibilities of a man in a position of leadership. While he was an actuary by training, he knew that it was absolutely essential that actuaries be agency-minded, because the salesmen were the ones who really made the company.

In 1939, after he had devoted years of study to agency compensation, he produced what was then called, and I believe may be even today called, the Arnold System of Compensation, which gave unusual weight to the persistency of the business rather than just recognizing the pure volume.

He also accomplished the extraordinary feat of publishing on January 1, the annual statement of the convention blank of the Northwestern National as of the day before, December 31. He continued this practice from 1927 until his death.

The manner in which he discharged all his duties -- civic, patriotic and corporate -- was a reflection of the deep pride that he had in America and in the future of this country. He retained an abiding faith in his fellow man and in the ultimate triumph of informed democratic opinion. Only the perspective afforded by the passing of time can indeed properly evaluate what OJ has done. Another one of his famous quotes was, "One of the most important lessons of

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life is that success must continually be won and is never finally achieved." OJ was loved by many. He was recognized in the insurance industry as top brass, but to those closely associated with him, he was pure gold. After all, OJ Arnold was an actuary.

MR. FREDERICK W. KILBOURNE: Undertaking this assignment has led me to some amazing tentative conclusions, and some questions, that you may help answer. Was the second President of the Casualty Actuarial Society the quintessential life actuary? Was the first President of the Casualty Actuarial Society an incipient communist? Let us see if we can find out. Isaac M. Rubinow, the founder and first President of the Casualty Actuarial Society, was born in Czarist Russia in 1875. He came to New York City as a teenager. He earned his MD degree from New York University, and his PhD from Columbia, and he was a lifelong passionate advocate of social insurance. He was with us in the insurance industry for fewer than five years, leaving at about age 40 to become the Director of the newly formed social insurance section of none other than the American Medical Association.

In 1913 he wrote a book, *Social Insurance*, that was the definitive text on that subject for the next 15 years. In 1934 he wrote *The Quest for Security*, which had a considerable impact in that year on numerous readers, including, importantly, Franklin D. Roosevelt. According to Senator Paul Douglas, Roosevelt considered Rubinow the leading expert of his day on social security, but he couldn't grant him a public role in framing the Social Security Act because he was too prominent an advocate and because he had too many enemies. I also suspect that something that his son, Raymond Rubinow, told me last month may have played a part. Isaac Rubinow was once soundly defeated in a bid to become a member of the United States Congress, running on the Socialist ticket.

In 1915 Isaac Rubinow said, "Over and above purely business considerations, even dry-as-dust actuaries and statisticians must remember the social value of their service. I was gratified to read the new draft of our CAS Constitution in which the field was enlarged to cover both casualty and social insurance. Throughout the country a powerful propaganda for sickness insurance, maternity insurance, old age pensions, unemployment insurance, and mothers' pensions is rising." Isaac Rubinow was no conservative.

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James D. Craig, was the second President of the Casualty Actuarial Society. He was born in New York City in 1878. His father, James M. Craig, also a charter member of the CAS, was one of the founders of the Actuarial Society of America, and was actuary at the Metropolitan and a predecessor company for more than 50 years. Young James was with the Metropolitan for nearly 44 years, ending his career as Vice President in charge of Home Office Operations. He was a Fellow of both the Actuarial Society of America and the American Institute of Actuaries, and was President of the former organization for two years. He was considered an authority on social insurance, as well as on such other esoteric lines as pensions and group health insurance. During the war he was on a committee of actuaries appointed by the Secretary of the Treasury to study costs under the War Insurance Act of 1917. You can learn more about James D. Craig from his words: "To the hopes and desires of the advocates of the various plans of social insurance we can take no exception, but as scientific men we must substitute facts for impressions and predicate our future upon the past. Reform administrations do not last long for the simple reason that the campaign promises and expectations created cannot be fulfilled. If social insurance is coming, let us not be too optimistic in our expectations." James Craig was no liberal.

Rubinow, in 1916, said, "Your President takes legitimate pride in believing that his occasionally revolutionary utterances, perhaps like all revolutionary utterances, are productive of some social good." He goes on to ask the question, "What is social insurance?" After rejecting the suggestion from another CAS member that social insurance is insurance at the other fellow's expense, he goes on to answer his question thus: "I prefer to define social insurance as insurance of the masses established through organized society for the purpose of combating destitution. This country stands committed to a policy of social insurance. One must be blind to the whole tone of American life to fail to see what is coming. A certain encroachment of social upon private insurance is possible, but not inevitable. Some of you may think that in announcing this last doctrine I play fault to my radical political beliefs and party affiliations. Whatever my beliefs in an ultimate, cooperative commonwealth, it is not a problem for immediate decision at the polls, and as a practical man, I leave to future generations the solutions of such problems."

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Craig had a different point of view, and yet he was less an opponent of social insurance than he was an actuary with professional concern that any insurance scheme be soundly financed. In his 1917 Presidential Address he reminds us that "our business is to understand the fundamental principles of insurance and then to insist that, irrespective of who carries it, the business shall be upon a solid foundation." He continues, "Let us be conservative in our statements rather than extravagant. Let us not advocate a system under which in a year or two state funds will be in financial difficulty. Let us remember that no greater catastrophe could happen to a state fund than to be compelled to go to the Legislature for an additional grant in order to make good the deficiencies caused by building too high and making too extravagant promises."

So, whose dreams came true and whose nightmares? With three generations elapsed, surely the results are in. Well, not quite. Consider first their dreams for the professional organization they founded. I find little in the Proceedings to show whether Craig was or wasn't pleased by CAS progress during his generation of membership. I am convinced by the early Proceedings, however, that Rubinow would have been sorely disappointed as the future of the Society he founded was converted into the past. Listen to his dream from 1916: "I venture to prophecy that problems of social insurance will acquire a dominating place in our deliberations, that the development of sickness, old age, unemployment and survivors insurance will swell the membership and importance of the Casualty Actuarial Society beyond the wildest dreams of those who were responsible for its organization. Still the CAS will gain for itself a very prominent position indeed as an institution which can and will apply the scientific methods of mathematics and statistics to the elimination of grave social ills and to the betterment of the world in which we live."

His list of social insurance lines has pretty much been split up between the life actuaries and the politicians, leaving little for the casualty actuaries. The first 30 volumes of the Proceedings had 34 papers on social insurance, the next 30 volumes had four such papers, and the dozen since have had just one. No longer do the CAS Fellowship exams include questions such as, "In your opinion, is social insurance at variance with American ideals?" Rubinow might have been somewhat less disappointed with the society of which he was a member. His depression, of course, came a decade ahead of the rest of the country

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during three Republican administrations in the 20s. But there were the earlier heady years of Wilson, eventually followed by the activism of Roosevelt, nourished by the brain trust of persons such as Rubinow. He clearly would applaud the concepts of social insurance that have been implemented over the past two generations. It is less clear that he would have supported socialist states as such in the face of torrents of adverse empirical evidence, though he would have been attracted to their banners on which are always emblazoned social insurance. We might hope and expect that he'd be repulsed by, and would repudiate, those states that have elevated socialism, whether national or international, to a state religion with all the attendant horrors. Blind faith in an ultimate cooperative commonwealth hardly justifies extermination of millions of Ukrainians or Jews or Cambodians or Ethiopians. We might hope and expect as much of our contemporary brothers and be disappointed by some of them, but there is little doubt in my mind that Rubinow would join Craig in deploring the unsound financing that has afflicted some of our social insurance programs. Surely both would oppose the common practice of making meager provisions for benefits with immeager costs and would see it as consumer fraud to dress welfare in the sheep's clothing of insurance. Probably only Craig, however, would appreciate the observation that the old-time politicians who bought votes for cash at least had the integrity to pay for them with their own money.

The Proceedings thus bear witness to a rich history for the Casualty Actuarial Society with contrasting dreams among the founders concerning their hope for our Society and for society. One must read between the lines, however, to see the conflict that must have accompanied the contrast. Consider, for example, one surprising bit of information and where it led. The founder of the Casualty Actuarial Society was not an actuary. He was a statistician, and the organization he founded was originally the Casualty Actuarial and Statistical Society of America. I suspect the tenth anniversary dinner in 1924 was not entirely a happy occasion for Rubinow. For one thing, the dinner was held at the National Republican Club in New York City. For another, the organization had been renamed the Casualty Actuarial Society.

Rubinow's remarks ended on this note: "May I conclude with a plea for the preservation of statistics as such, if not in the name, at least in the spirit

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of the Casualty Actuarial Society." Six years earlier the Presidential Address of Mr. Craig had been entitled "The Relation Between the Actuary and the Statistician." It included a one-sentence definition of both, purportedly taken from the Constitution of the Institute of Actuaries. I would approve the definition of actuary, but I suspect that Rubinow would demur when it came to the statistician. The definition read: "A peculiar problem of the actuary is the inquiry into all monetary questions involving a consideration of the separate or combined effects of interest and probability, while the statistician has been designated as one skilled in the science of counting."

MR. WALTER L. RUGLAND: The actuarial career of Abb Landis extended from 1890 to about 1927, his date of death. His most intense period of actuarial work was the 25-year period from 1895 to 1920. This was the period of readjustment of rates in the fraternal benefit system.

Landis was born in 1856, graduated from the University of Nashville in 1875, and actually did not become acquainted with actuarial science until about 1889. By definition of eligibility for membership in the Actuarial Society of America in the early years, Abb Landis could never have been admitted to membership. That definition excluded practitioners who were not employed by the regular life insurance companies. But, nevertheless, Landis was a well qualified actuary. His credentials manifest themselves in his publications, his innumerable articles in the public press, and in the files of early rate books of many, many fraternal. He is the author of a number of books on actuarial science. In one of these he wrote the following: "A fraternal society equally with a life company must obtain money for fulfilling its promises from those to whom the promises are made. No life insurance organization could meet its obligations with subscribed capital stock. The money with which it pays claims for benefits must come from those who hold the contracts calling for the payment of such benefits."

His books were not written for actuarial students, but for the general public, mostly members and fieldworkers (agents) of fraternal benefit societies. His objective was to educate the managements and members of the fraternal orders so that they would understand the need for changing rates of contributions from the simple assessment basis to a more adequate level which would remain fixed,

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but under which adequacy would be secured by the right of the order to levy assessments to maintain solvency when solvency was threatened by excessive claims, inadequate interest earnings, or depreciation of assets.

In 1896, Landis published a short pamphlet titled "The Flexible Premium System: A Handbook for Field Men." This system could be legally qualified only under the laws pertaining to assessment insurance. The key elements in the system are the use of mortality assumptions with lower margins of safety and less conservative investment assumptions. The safety factor is in the right of the insurer to correct deficiencies by increasing premiums, if necessary, or decreasing liabilities by imposing liens or loans which become deductible from death or surrender proceeds.

Mr. Landis opposed vigorously the accumulation of excess surplus by many mutual companies. He did not like stock companies at all. His position was that it is the policyholders, under the fundamental and basic concept of life insurance, who provide strength to a company, and not the investment of the stockholders. It was a cardinal principle of his that life insurance, after one no longer has dependents, was completely unnecessary and a waste of money. A typical Abb Landis plan was a term insurance policy to age 70 combined with an annual life annuity of 10% of the face amount beginning at age 70.

In 1902 Landis published a book titled *Life Insurance Premiums: How Computed, Tested, and Valued*. In his words, "this volume is intended for ready use by those who want practical results without desiring to know the whys and wherefores. It requires years of study and preparation for one to be able to work out formulas and make rules, but it is only necessary to have ordinary intelligence to enable one to make practical use of those formulas and rules when established." Interestingly enough, Elizur Wright had the same thoughts.

In this book, Landis not only presented detailed instructions on premium and reserve calculations, but described the premium structure of some of his major fraternal clients. He claimed more than 200 fraternal societies as his clients at one time or another.

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In 1905 he published a 76-page pamphlet entitled "Life Insurance Past and Present." This was just at the eve of the Armstrong Investigation of the management and practices of the major New York companies.

In an editorial which he wrote at the time on life insurance management, he said, "The matter of life insurance and management is such a complicated problem that but few policyholders have any real conception of the inner workings of these institutions. It is, therefore, to be hoped that the present agitation [referring to the Armstrong Investigation] may result in such thorough and complete investigation and reform of the methods of the managers of life insurance companies that policyholders, not only of the Equitable, but of other companies or associations controlled by stock companies, may receive the full benefit to which they are entitled."

In this pamphlet he displays how thoroughly he was acquainted with the situation in the regular life insurance companies of the time, particularly those which were being investigated or about to be investigated.

Landis became an actuary quite by chance. Having attained two undergraduate degrees by the age of 20, he attained his law degree from Cumberland University in 1879 at the age of 23. He practiced law in Nashville and was also the owner of the *Nashville Banner*, a local newspaper. Being a crusader for the poor and the common, he vigorously opposed the practice of convict leasing. This brought him strong opposition and grief, but he won his case. In the process, however, it broke his paper, and he moved to Florida.

After a four- or five-year period in the practice of law there, he moved North again because the climate didn't agree with him. He became a bond and securities salesman and through this became acquainted with the insurance business, in which he became deeply interested. In 1889, having been asked for advice by one of the fraternal societies, he decided to dig deeply for knowledge. He spent two years delving into the history and plans of the English Friendly Societies and The Manchester Unity in addition to learning actuarial science. In 1892 he was called into consultation by the National Fraternal Congress in its coordination with the National Association of Insurance Commissioners in the drafting of the first uniform bill governing the

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fraternals. He participated with George Dyre Eldridge in the construction and graduation of the National Fraternal Congress Table of Mortality.

As a lawyer and actuary, his services were widely sought by many fraternals in their re-rating struggles. On many occasions this involved court battles, which he almost always won.

He was one of several actuaries in the fraternal field who was instrumental in founding the Fraternal Actuarial Association in 1916. He was its second President and a leading figure for many years.

MR. DWIGHT K. BARTLETT, III: No profession can exist without an appropriate body of knowledge, whether it be medicine, the law, or actuarial science. "If then these facts are truly stated, and the reasoning is a fair deduction from them, it follows that the company may safely govern themselves by the English tables." That was a statement by Jacob Shoemaker in 1813.

For many years, actuaries on this side of the Atlantic dealt exclusively with the rather simple, by present day standards, life insurance and annuity policies issued by the early life insurers here. Thus their primary need was for adequate mortality statistics on American and Canadian lives to use for pricing and reserve work. *The absence of those statistics forced reliance primarily on English tables.*

"I hope in the course of time, that this body will take part in producing a table which will represent more accurately the present condition of insured lives on this continent." That was said by William McCabe in 1889. This and a number of other quotations that I will be sharing with you were statements made at the organizational meeting of the Actuarial Society of America at the Hotel Astor in 1889.

A primary motivating factor for the formation of the Actuarial Society of America was the hope that this lack of mortality data could be remedied. Since that time the need for such data has been quite adequately met. Evidence of that is the large number of mortality and morbidity tables which have been

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developed over the last hundred years. I believe our founders would give us a rating of 10 on a scale of 1 to 10 on that objective.

Obviously our area of practice has enormously expanded since those early days into employee benefits, social insurance, property and casualty insurance and all types of financial security arrangements. Are our efforts in creating new knowledge adequate for today's circumstances? We seem to do well on an ad hoc basis in responding to clearly identified needs, such as calls from the NAIC for the new mortality and morbidity tables and the development of the theory and practice related to the so-called C-1, C-2 and C-3 risks. We do not do as well in the development of knowledge which is not intended to respond to such demands. I cite the relatively weak condition of the Actuarial Education and Research Fund, and continuing difficulties in getting adequate cooperation to complete and publish in a timely way the studies in the *Transactions, Society of Actuaries, 19xx Reports*, as only two examples. We have also been too slow, in my opinion, to develop inter-disciplinary approaches to our areas of concern. I think we only rate a 6 at best.

The next objective we should examine is the dissemination of that knowledge. "We can hardly go that far." Homans said that in 1889 when he was opining about whether the Actuarial Society should introduce an examination system.

Notwithstanding Mr. Homans's comments, the development of an education and examination system received high priority in the early days. That had even been in Fackler's mind a decade earlier as he was ruminating about the need for a professional actuarial organization, although he had in mind a very limited examination or two focused entirely on life contingencies. Certainly Fackler, Homans and others would be astounded at the extent of the examinations and related education materials of the Society of Actuaries and the Casualty Actuarial Society today.

Continuing education of the practicing professional was also a motivating factor in bringing organization to the profession in the early days. "Even if I were in a position to give it, I would not have been able to prepare a paper on such short notice." Mr. Macaulay said that at the organizational meeting.

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"I have been unwell for a number of weeks back." That was stated by Hendry of the Mutual Life of Canada at that same meeting.

Those of you who have had the responsibility of organizing panels or getting papers produced by other people and so on will recognize those kinds of statements uttered even today. So that is not a new development.

Nevertheless, when one contemplates the sheer bulk of published material and educational meetings produced now by all the actuarial organizations in North America, I am convinced our early leaders would be astounded and give us a 10, although some of them might argue that we have gone off in so many directions we have lost some focus. I think we probably deserve a 9.

"We are all exposed to a great many temptations. I think the man who guides his company . . . to give the best results to the policyholders, is the one who renders the most faithful duty to the company and to his profession." That was stated by Mr. Miller of Mutual Benefit at that same meeting.

The initial group who brought the Actuarial Society of America into being in 1889 were quite concerned about having a group of members who would be highly competent and who would conduct their professional practices on a high ethical plane.

"We are not here as representing the companies in which we are employed, but as *men engaged in like occupation and having common interests.*" This was a comment of Mr. Wells of the Connecticut Mutual at the same meeting.

I would like to think that today we are equally committed to these goals. But our tactics, it seems to me, are quite different.

The approach of the founders of the Society was to purify the profession by limiting the membership to those who had already demonstrated through the conduct of their practices that they deserved recognition as qualified professional actuaries. I will call that the exclusive approach to the problem. This approach, for example, was reflected in the limiting of eligibility for sitting for examinations, when they were first introduced a few years later, to

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life insurance company employees. Presumably candidates from outside the industry could not be trusted.

Through a series of steps taken over the last century we have adopted an inclusive approach. These include opening up the examinations to a broader group of eligibles, and the creation of the American Institute of Actuaries.

"It is desired that the Institute shall be such a one as to merit an exchange of courtesies with older and well recognized Institutes and Societies of Actuaries." That was a resolution of the organization meeting of the American Institute of Actuaries in 1909.

Next was the creation of the Casualty Actuarial Society. "I struggled to persuade the Society of Actuaries that casualty actuaries are real actuaries," said a past President of the Casualty Actuarial Society.

Much later the Academy and the Canadian Institute of Actuaries were created. Most dramatically this inclusive approach was thrust on us by the establishment of the enrolled actuary by ERISA in 1974. Who will forget how we agonized in the United States over what degree of recognition within the profession we should give to enrolled actuaries who were not already members of the Society of Actuaries. Ultimately, of course, we offered them full membership in the Academy. So as I see it today, we extend recognition on the broadest possible basis to anyone who can make any legitimate claim to being an actuary (but not yet including members of the American Society of Pension Actuaries). Along with this inclusive approach we emphasize education and continuing education. We have developed guides to conduct and standards of practice, and we have instituted disciplinary procedures, albeit infrequently used. It is hoped that all of these steps will assure that our publics are served with competence and integrity.

My guess is that the founders of the Actuarial Society of America would react negatively to this shift in tactics and the extent to which we in the United States have lost control over our own professional affairs as the result of the intrusion of the government and other professions. They might give us a 5. They might view the situation in Canada as only slightly less bad and award a 6

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there. I think we deserve better than that if results are a measure. The quality of the work of actuaries I believe to be reasonably good by comparison with that of other professions, although there is always room for improvement. Perhaps an 8 is warranted.

"I feel perfectly isolated, out away from the centers of our own country."

That is Hendry of Mutual Life of Canada speaking in 1889. Not much of enduring value would be accomplished by the profession without organization and recognition. Certainly we have organization today, perhaps even more than we would like with the five principal organizations in North America. But in spite of the difficulties that implies, we seem to be able to get the important support work of the profession done reasonably well.

"But when it comes to run an Association, I feel that there must be somebody to do a good deal of work without much pay." That was stated by Phillips of the Equitable. Our Society of Actuaries Executive Director, John O'Connor Jr., might sympathize with that one. This is primarily because of the unselfish willingness of incredible numbers of volunteers to serve on committees and do the other work required to help the organizations function effectively. I suspect the actuarial profession is unique in the extent to which it relies on volunteerism. Our founders would likely give us a 10 in this respect, which we deserve.

Blake Fewster, in his remarks about Macaulay, has already referred to his toast to the Institute of Actuaries in the statement about Americans and Canadians being just as good as Englishmen. (To me it is noteworthy that he did not refer to Scots and maybe couldn't quite bring himself to include them in that quotation. His name suggests he was of Scottish background.) Specifically, he was congratulating the Institute of Actuaries on achieving legal recognition to the extent of being incorporated and was suggesting that the same would be appropriate in Canada and the United States. That seems a modest goal indeed, although it was not accomplished for many years until the Society of Actuaries was formed and incorporated in 1949. With the formation of the Academy and the Canadian Institute, legal recognition was sought but not fully achieved. The status of the valuation actuary is fully recognized in Canada and is rapidly approaching full recognition in the United States. The legal recognition of

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the status of enrolled actuary in the United States came to us in a way we did not seek, but nevertheless is recognition of the unique role of the actuary in pension plan valuations. Given Mr. Macaulay's limited objective, I assume our founders would give us a 10. More needs to be done, however, so an 8 is perhaps a more reasonable appraisal.

In the last analysis, of course, what counts is not what our founders would say about the state of the actuarial profession in North America today, but how well we have preserved the fundamental values, in service to our publics, that were implicit in our founders' efforts to create a profession and professional organizations which have adapted to the vastly different circumstances and expectations of today.

MR. MOORHEAD: I shall take the risk of expressing your views in saying that you and I have been most fortunate. We have in this session had information given to us about a number of leaders of the distant past, and we have noticed how different they were and what characters they were. At the same time we have been able to look at a number of our leaders of the present day, and we have been able to notice how different they are and what characters they are. The history project of the combined actuarial bodies that is underway at the present time already owes and will owe even more to these gentlemen for the great amount of thorough study they have made of these key people of the past. It has been a difficult job for them to select the ones that would be dealt with in this short session, but they certainly succeeded in giving us some stories that I believe will benefit the record of the Society of Actuaries and our own personal knowledge of what went on in those days, what they had to put up with, and what their particular views and ambitions were.

MR. PETER S. KREUTER: There is an irony in Abb Landis's abhorrence of fraternal societies building up a high surplus, and that is that a number of fraternal societies under our jurisdiction have surplus between 20% and 100% of their liabilities at the present time. I wonder what he would think of that. I also have a question. Could anybody elaborate a little bit on the rivalry that caused the formation of the two Societies, the Actuarial Society of America and the American Institute of Actuaries, and did it actually reach the point where

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actuaries working for companies in the Midwest and Southwest were prohibited explicitly from being members of the Actuarial Society of America?

MR. RUGLAND: As for the first question, Abb Landis would not have liked that surplus.

MR. BOWLES: There are many organizations, even actuarial clubs, that have been organized by people who are not members of the recognized professions (the ones that require examinations) because they felt that there was a need to be met, and the organizations resulted. That is what happened to the American Institute of Actuaries. The eastern actuaries didn't pay much attention to the hardworking actuaries in the Midwest and South, and they organized their own body. It is just that simple. They were responding to what they perceived as a basic professional and human need.

MR. MOORHEAD: To supplement Mr. Bowles's remarks, I had occasion to look through the minutes of the Actuarial Society right from the time it started up into the 20th century, and it struck me as interesting that when the American Institute was founded in 1909, there is no reference at all in the minutes of the Council (that is, the then Board of Governors of the Actuarial Society) that any new organization had come into being. But one of the members of the Board of the Council said that he would like at next meeting of the council to address questions of how the Actuarial Society might enlarge its influence and its usefulness to the profession. I have absolutely no doubt that it was the founding of the American Institute that caused that suggestion to emerge. The Actuarial Society eventually formed a committee, as we so often do in these matters, and proceeded to explore a number of possibilities. A fair number of the list of the eight or nine suggestions that were made by that committee were followed, and I think all but one of them succeeded. The one that failed was a proposal that since there was that (unmentioned) organization out in Chicago, the Actuarial Society should begin to have some meetings out in what is now called the Midwest.

They proposed that they would meet in St. Louis the very next year. They didn't meet; they went to Cincinnati, but then they came right back and never got back to having any meetings out in the western areas at all for a

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considerable number of years. The spring meeting was always in New York City, and the fall meeting, which was not the Annual Meeting in those days, was held in a number of cities: Toronto, Montreal, Washington and down the eastern seaboard. For some reason they didn't seem to be able to draw enough of their members to make the trip out from there. The American Institute, as Mr. Bowles has brought out very well, did its utmost to prevent any possibility that they could be blamed for a confrontation with the existing body. They allowed the great moguls of the Actuarial Society a bit of time to accept this new entity and to begin to cooperate with them.

MR. MYERS: While we are on this topic, I hope our distinguished moderator and historian will look into the aspect of the early actuarial educators. I was a little surprised that Mr. Bowles said, and I don't doubt that he is correct, that some of the founders of the American Institute were anti-educators and anti-academics. I always understood it was the other way around, with Professor Rietz from the University of Iowa, and Professor Glover from the University of Michigan being, I had always thought, early luminaries in the American Institute of Actuaries, as also I believe was Professor Mowbray of the University of California.

MR. MOORHEAD: I think that your suggestion is a very good one. One of the historical accounts will be the development of university actuarial courses. The University of Toronto gets the first nod here, since it got actuarial courses started even before that one out in Ann Arbor.

MR. BOWLES: OJ Arnold, I don't think, ever indicated any antagonism towards academia. It was his fear that Dr. Glover, for example, was just producing students who could come and take the actuarial exams and pass them very easily. They came in droves, I think he said once. What he wanted to see happen was the retention of control of the American Institute's affairs by the men who had some practical experience rather than seeing the young students coming out of college taking over the organization. It wasn't antagonism toward the academics.

MR. CHARLES BARRY H. WATSON: I was always interested to read that the office of the Society of Actuaries was located in Chicago in 1949 (rather

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than perhaps somewhat to the east of there, which might have been logical in terms of the geographical weight of the membership) because of the excellence of the transportation facilities. They were, of course, referring to trains rather than airplanes.

Would anyone care to comment on one of the actuarial organizations which seems to have been somewhat slighted during the presentation, I am sure unintentionally: the Conference of Actuaries in Public Practice. The motivations which led to the foundation of the Conference, as I understand them, were similar to those which led to the foundation of the AIA vis-à-vis the ASA.

MR. MOORHEAD: May I first give the reason why the moderator did not have the Conference included in this array of Past Presidents. We decided to limit this session to matters that were farther back than the foundation of the Conference.

MR. BASSETT: The Conference, as I recall, was founded in 1950 by a group of consulting actuaries, principally in New York, who felt that the present, at that time, actuarial organizations were not providing an adequate forum for those in the consulting business and particularly in the pension consulting area. The Conference was formed in order that those people in the consulting business would have a place to get together, just as the Society and the other organizations did, to exchange ideas and present papers and have a professional organization that would satisfy their needs. Many of the founders at that time were not members of the Society of Actuaries or other actuarial organizations. Over the years, however, as the consulting business grew, actuaries in the consulting business who were already members of the Society of Actuaries found that they could get much pertinent information in their field by joining the Conference. So over the years more and more members of the Society have joined the Conference.

MR. EDWARD F. COWMAN: I have a question for those who were in the profession during the common existence of the Actuarial Society of America and the American Institute. What motivation was there to attain dual membership in the two bodies? There appears to be a commonality in membership, particularly in the later years of the common existence of the two bodies.

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MR. MOORHEAD: I will start with myself. I was not in the toils of the examiners during the time when there were separate examinations for very long, but as long as there were, I took the double examinations purely as insurance in the hopes that if I failed at one, I would pass the other. It happened, though, that whenever I failed one, I also failed the other.

MR. MYERS: I came on just a little bit later than Jack. As I got through the exams, they kept merging, so I never had to take separate exams. I decided to join both organizations in the sense that Jack said, as a matter of insurance. I was born in the East, so I wanted to belong to the Actuarial Society, and had my education in the Midwest, so I wanted to belong to the Institute with its Midwestern tradition. But at least by the time I was coming along, there was no longer the sharp rivalry that there had been, so the merger seemed logical and went without too much fuss.

MR. RUGLAND: I think the difficulty is that no one on this panel goes that far back. I started examinations the year before Bob did, I believe, and being a Midwesterner at the University of Iowa, there was never any question in our minds that we should write both examinations.

MR. MOORHEAD: The other question that came up for the actuaries after they had qualified was, If you were going to write a paper, to which organization would you submit it? I don't know whether Walter wants to be reminded of a remark he made at the last meeting of the American Institute on that point. Did you not, Walter, make a comment about the merged society having many advantages, but one disadvantage was that you could no longer send a paper to the one and if it was rejected, submit it to the other?

MR. RUGLAND: And, of course, the tradition was it would be easy to get it through the Institute without any question in those early years.

MR. MOORHEAD: Then there were the controversial topics, such as those involving my old friend, Arthur Pedoe. When he was bringing up matters that were anathema to the leaders of the older organization, he decided that the American Institute was the way to get his paper into currency.

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MR. DANIEL F. CASE: Noting that some of our panelists have researched the early meetings of our organizations, I wonder if they could comment on how they feel our early leaders would rate today's meetings.

MR. BARTLETT: *At the first Actuarial Society meeting there were fewer than forty people present. Just in this one room we have twice that many people, so I don't think they could have any comprehension of running and organizing a meeting for 1500 people. I think they would have, as we do, a sense of loss of the intimacy that I am sure they had. I think they would have opined that, given 1500 members, we do the best job we can. But as I indicated in my remarks, their approach was what I called the exclusive approach -- that you really needed to keep a small group of people who work well together and a demonstrated high degree of competency through their past practices. I think they would be appalled at the size of the profession today and the extent to which we have gotten away from that kind of closed, exclusive group.*

MR. FEWSTER: Just with respect to the meetings, I recall the reflections of Gordon Beatty, who witnessed some of the founding fathers in action. The practice at the meetings was that the senior members sat up at the front and did all of the talking, and the young guys sat at the back and listened. I guess that was their continuing education program.

MR. RUGLAND: At the time of the merger in 1949 of the Institute and the Society, there was movement under way to have a rump group composed of smaller company people. The result was that the Society of Actuaries established and maintained for several years what was called the Smaller Company Forum. Defining a smaller company, of course, was a little difficult, but the point was that larger company people were not supposed to attend those sessions.

MR. WALTER W. STEFFEN: To add a little to Dan Case's question, with respect to meetings, the program itself is substantially different even from the days that these members up here and a few of us others recall. When Henry Rood was President of the Society of Actuaries in 1957-58, the program was put together by three or four Vice Presidents corresponding with each other. Mr. Rood would also ask those of us who worked for him to suggest program topics. All the attendees sat in one room and listened to whatever the one

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topic was that was being discussed at that particular moment. There were no simultaneous sessions at all.

MR. MOORHEAD: I think not only do we remember it, but one of the panelists here was the one who destroyed that fine old system and started to divide the meeting into large numbers of panel discussions and open forums and so on.

MR. BARTLETT: Wasn't it also true, Jack, that no session of the Society could be held without an officer present?

MR. MOORHEAD: That was an informal rather than a written requirement, but that certainly was so.