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THE REALITIES OF INFLUENCING PUBLIC POLICY

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MYTH: The actuarial profession is too small to influence public policymakers. We don't represent a power base.

MYTH: Legislators just don't want to hear from professionals whose work is so technical in nature and specialized in its application.

MYTH: It's not really necessary to become too involved in public policymaking, because what goes on in legislatures just doesn't affect my day-to-day working life.

This session is all about debunking myths, conventional wisdom about why actuaries have no place in the public policy arena. The panel, which includes actuaries involved in both state and federal level issues, will give you insights on lending your actuarial expertise to policymaking debates.

MR. JAMES J. MURPHY: We hope we can help you get more interested in getting involved in public policy. We are approaching the subject of getting involved and influencing public policy by looking at the reasons actuaries sometimes tend to say that it's not worth getting involved in public policy. We've identified three myths and we'll set about to debunk those myths at this session.

MYTH ONE

The actuarial profession is too small to influence public policymakers. We don't represent a power base. The first panelist, who will be speaking primarily on this issue, is Barbara Lautzenheiser. Barbara is Past President of the Society of Actuaries and principal in Lautzenheiser and Associates. Her work involves much speaking of public policy issues. And I recall something she said when she was elected President of the Society of Actuaries that makes her uniquely qualified to deal with the issue of being too small as a profession. When she was introduced as the new president, she noted not that she was the first woman president, which she actually was, but the most significant thing was that she was the smallest president ever.

MYTH TWO

Legislators just don't want to hear from professionals whose work is so technical in nature and specialized in its application. Spending most of his time speaking on this

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issue will be Gary Hendricks. Gary is director of government information for the American Academy of Actuaries. Gary's job depends on legislators wanting to hear from technical professions such as actuaries, and he will help us debunk that myth as will the others.

MYTH THREE

It is not really necessary to become too involved in public policymaking because what goes on in legislatures just doesn't affect my day-to-day working life. Dan McCarthy says, "Tell me another." Dan is a consulting actuary with Milliman & Robertson in New York, and much of his work is directly affected by what goes on in state legislatures and in Congress and elsewhere throughout government. Dan will help us debunk that myth.

MS. BARBARA J. LAUTZENHEISER: This talk's about influence, so I'm going to start with the definition of influence. Influence is defined as "the power to produce effects on others by intangible or indirect means." The myth, of course, assumes that the influence is a function of power. The myth then assumes that the only way we will ever get power is by large numbers. Now I think we can probably all come up with illustrations of where large numbers did, in fact, produce a myth. I'm not sure many of you saw this, but if you think back to the Vietnamese War, what happened was a large number of students demonstrated against the Vietnamese War and essentially made a major impact on the policy of the entire United States. Along came the Persian Gulf War, and students, who thought being students caused them to have power, also began to demonstrate. But what happened was the power was in numbers. So that group that had demonstrated against the Vietnamese War now were older and demonstrated for the Persian Gulf War, and the numbers ended up working out again. So numbers do, in fact, sometimes make a significant amount of difference.

"I'M THE ACTUARY"

The point is, numbers aren't always significant; sometimes just one person can make the difference. I think the one phrase that may be most significant in your own lives, reads, "I am the mommy, that's why." (Or perhaps you'd say daddy.)

Now I think a part of our problem as actuaries is that we like to just say, "I'm the actuary." Our problem then, of course, is that that doesn't always work. And when that doesn't work, we stand back and say, "Well, we aren't big enough in our numbers in order to have a major impact." That clearly is not the case. Sometimes it doesn't even take saying anything. You noticed one of the things that had power was just sheer visibility in getting someone's attention. You have to do that sometimes first. Another way of getting power sometimes is saying nothing. I was at a hearing in California on AIDS. And I walked up to the table when I was called there, put a pile of paper in front of me about this high, and put my hand on the top of the paper and so intimidated the woman who was moderating that particular session that she never would call on me to say anything. She was afraid of what I had to say. So being one and saying nothing in that particular case made a significant impact. In other words, body language or perceptions make a difference. Sight makes a difference. Gesture makes a difference. A wink can make a difference. They speak even before words start speaking. So, as we take the perception of appearing

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confident and showing confidence and being sincere and committed to something, we begin gaining that kind of power.

When the qualifications for enrolled actuaries came out, it wasn't numbers that made a difference. The American Society of Pension Actuaries (ASPA) was a much smaller organization than the Society of Actuaries, but ASPA turned out to be a better communicator.

One of the major papers that was done on AIDS was done by a woman by the name of Scitovsky and a team of five people. Scitovsky was only one of six people. But she went and got Centers for Disease Control (CDC) funding. She made an impact. She came out with studies. If any of you took a look at those studies, you would be absolutely appalled at the assumptions that were in those studies. You and I would not have considered any one of those assumptions credible. But she got the funding. She did the study. She made a major impact on public policy. And she gained visibility as being one of the group of people who did, in fact, do something on AIDS. It was three or four years after that before the Society of Actuaries quantified it and then quantified it just for the insurance industry. So her impact came from doing something well in advance.

One of my concerns about us as an industry, and us as a profession more in particular, is that we tend to wait until something is too late. Lots of things are going on around us, but we don't pay attention to them. I'm reminded of an actor friend of mine who went off to New York in order to get a job as an actor. He couldn't find a job as an actor, so he was waiting tables, and then he was doing tours. Finally he got one small bit part. He was to go on stage, and at the exact right moment say, "Hark, I hear the cannons roar." He thought this was fantastic. So he practiced it: "Hark, I hear the cannons roar. Hark, I hear the cannons roar. Hark, I hear the cannons roar." He finally figured out exactly what he wanted to say. And when it was opening night, he went on stage, and all of a sudden there was a great big boom. And he said, "Jesus Christ! What was that?" That's the way we act. We see all these things around us. We think we know what's going on. And all of a sudden we're surprised, and then, "Oh my God, it's too late to do anything about it." We have to begin seeing these things well enough in advance so that we can do something about them.

AIDS

The AIDS issue was spearheaded by an extremely small group of people. We don't know what percentage it was, but it was less than 10%, probably close to 5%, which was the gay community. But they were strategically placed, they were brilliant thinkers, they were great strategists. They had a network that worked for them. And they put their money where their mouth was. They used political contributions. Unfortunately, their major problem, in my perception, was they didn't take the disease seriously. I'm not sure they really thought it was as detrimental as it was. They have lost their power because they haven't got their people around anymore. They unfortunately died. Their power base came from their people and from their money, and they ended up losing it, because I don't think they really believed. They were in the denial phase of their illness.

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The unisex issue was one that, if you remember correctly in 1982-83, had been declared lost, absolutely, completely gone, down the road. Mainly because everyone was saying, "We went off and talked to the people who were agreeing with this, and they won't agree with us." Well, we learned in that particular instance that what you had to do was find some opposing forces. That what we needed to do was to get other industry members, collect some power, collect some grass roots, and more importantly probably than anything else, be persistent on that issue. The issue has decreased. It has died down. I believe two years ago, there were eight states that brought it up. Last year, there were four states that brought it up. This year there are two states that have brought it up, but are probably not going to succeed. And we think we've done a pretty good job of containing that. Actually, as a result of the unisex issue, I changed my definition of success. I no longer define success as winning; I define success as not losing. But that's one of the things you need to do in the political environment: Always make sure something doesn't happen. You may not be able to stop it completely, but you can do damage control and contain it.

POWER AND NUMBERS

Most of the time, power doesn't happen by numbers, actually. It happens by being built, by planning, and by incremental implementation. Success by the inch is a cinch, success by the yard is hard. And if it's done early enough so that you can build on that, you have the opportunity of doing something. But in order to do that, you have to build it slowly. You need to influence other centers of influence. You need to bond with those who are similarly situated; that is networking. You need to build grass roots again -- much like we did in the unisex issue -- to increase your numbers. And you have to find some way to determine an equal and opposing power. Once again, and I always go back to the unisex issue because I think it was, to me, the biggest success of all, we had no leader. We had no head of the company saying, "Do it. I want it done." We had an industry that got together, fought the issue, and it was done with a lot of people working together, and not even everyone always knowing what it was -- just working for something that was a common goal. But one of the major things we did to offset Senator Packwood and his efforts was to find Senator Exon. You find someone of equal power, not necessarily even related to you, put the power behind him or her, support it, and move on with it.

You also have to have good, clear communication. And Gary is going to talk further about that. You also have to make sure that what you say is truly understood and that it's effective. I'm reminded again of the two hunters that went out into a forest. Just as they were entering this very dense forest, the conservation warden stopped them and said, "You know, this is a pretty dense forest. You might get lost." And they said, "We aren't going to get lost." And he said, "Well, I'll tell you what. If you start getting lost, shoot into the air, then I'll come to your rescue." They said, "Okay," but they were pretty sure they weren't going to get lost. Of course, naturally they did. Two or three hours into the forest, they didn't know where they were. So they shot into the air. They waited a half hour, nobody came. They waited another hour, nobody came. One guy poked the other and said, "Shoot again." So he shot into the air again. They waited another hour, no one came. It was getting pretty dark. One guy poked the other and said, "Why don't you shoot into the air again?" He said, "I can't. I'm out of arrows." We do that a lot, folks. We have to quit preaching to the choir. I hope some of you weren't motivated to do

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this before. Because I think one of the things we want to do is try to motivate new sources of people to do this kind of communication.

PERSISTENCE

Last but not least is the persistency element, because "I can't" can be a self-fulfilling prophecy. Another thing I remember on the unisex issue was walking down the hall, heading toward one of the congressman's doors. And Phineas Indrids, a gentleman who always saw eye to eye with me because he was the same size, and I looked at one another, literally eye to eye, and Phineas said, "Barbara, you may as well give up. You're going to lose." I said, "Phineas, I know one thing. If I give up, I will lose." I didn't give up. We didn't lose. It's just as easy to believe that you can do something as to believe that you can't do something. And that's part of the key. Because I do believe that a lot of what we do turns out to be a cop-out.

I am reminded of a young lady, true story, who came into my office doing her Ph.D. thesis at the University of Nebraska, and it was to do with selling insurance. And she had been selling real estate. And she said to me, "I've been selling real estate on the side. Isn't life insurance sales a little bit the same?" And I said, "No, not really," and went through why that was. And she said, "Well, you know, I'm having trouble selling real estate. I'm a female, I'm too young, and I'm in school." And I said, "Kathy, I don't understand that. Explain to me why that's the case." She said, "When I go out to sell a house, they want to know about the furnace, they want to know about the foundation, they want to know about the roof." And of course, with each one of those comments my smile got a little broader. I said, "Kathy, what does your lack of knowledge about furnaces, roofs, and foundations have to do with your being too young, in school, or a woman?" She used it as a cop-out. And I sense that what we sometimes do is just cop out. If you really do think about how people succeed, it's because they make up their minds to succeed.

The great motivators say, "Some men see things as they are and say 'Why?' I dream things that never were and say 'Why not?'" – George Bernard Shaw. Or, "Desire is the key to motivation, but it's the determination and commitment to an unrelenting pursuit of your goal, a commitment to excellence, that will enable you to attain the success you seek." – Mario Andretti. "The difference between the impossible and the possible lies in a man's (woman's) determination." – Tommy Lasorda. And, "Total commitment is paramount to reaching the ultimate performance." – Tom Flores. And last, but clearly not least, "Never never never quit." – Winston Churchill.

Every one of those quotes really says you need to try and you need to begin. And that's what we're trying to get you to do. Don't confuse wishes and wants. When you want a thing you go out and get it. When you merely wish for something, you just wait for it to come.

MR. GARY D. HENDRICKS: The second myth is: Legislators just don't want to hear from professionals whose work is so technical in nature and whose applications are so specialized. There is some truth to this actually. And the truth is that some legislators don't want to hear from anybody and especially people who have information. That's not always true, however. And in my experience, most legislators take their job, and take public policy, very seriously. And they need, and they care very

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much about, technical information. At least they care very much about technical information before they talk to certain technicians. Legislators need to know how markets work. They need to know what current practices are, what the diversity of those practices is, why those practices are used, why they are used in different settings, and most of all, they have to know what the likely impacts will be if they change the current law in the current regulatory setting.

It's not hard at all -- it's very, very easy -- to think of a large number of areas in which actuaries really know more, and have more of the information that legislators need, than any other group. I can think of two federal issues right off the top of my head: small group health insurance, which is very, very much being discussed at the federal level, as well as all of the National Association of Insurance Commissioners (NAIC) discussions that you may be somewhat more aware of, and long-term care, the consumer protection aspects of that. That's now become a federal, as well as an NAIC and state issue. The federal legislators are very concerned with nonforfeiture values, whether there should be such values, which don't exist in most long-term care policies, inflation protection, the lack of standardization of policies, the lack of consumers' understanding of what they're buying when they buy it. There's a great deal of concern, and a sense that there's a need for standards in this area. Nobody can explain that. Nobody has more information about that, that the people in Congress need to know before they make any decisions, than actuaries.

On the state level, personal auto insurance is an issue, something we've all heard a lot about. There's also workers' compensation, which we all don't think of a lot. But there are at least six states whose workers' comp systems will almost self-destruct in the next three years if something isn't done. And it's really actuaries who, more than anyone else, understand what can be done and what's necessary, and who can help state people, who have terrible political problems. I think the political problems at the state level, in terms of the pressure that's on the regulators and the legislators, is even greater than in Congress at the federal level. Actuaries can help the state people sort of bandage it up, patch it up, keep it going, keep it together in the short run, while the longer run problems are solved, which are politically very difficult in many cases.

If everything I say is true, why does this myth exist? Why isn't everyone calling us up? How many policymakers have called you this week and asked you if you would come visit them? There are a number of reasons. And I think a lot of them are things that we do and things that we have to learn not to do. Many legislators don't call us up because they don't know what I've just told you, which you already know. And we have to do many of the things Barbara talked about to let them know we're here and to let them know we have information they need. It is really surprising how many people in Congress don't know what an actuary is, don't care what an actuary is, and if they were told what we were, if we defined ourselves, they still wouldn't care. We have to go to them with real information about something they really care about the first time, so that they begin to understand what it is we can contribute. So we have to somehow get to people -- and Barbara's given us lots of ideas about that -- so that they understand that we can help.

SPEAK IN ENGLISH

Another thing we have to do is we must learn to communicate in English. I love this job because I am a technician by training, although not an actuary. And there is nothing that the actuarial community knows about, understands -- not even models you use -- that cannot be explained in English. The actuaries -- like economists, lawyers, all professionals -- have become very used to talking in their own shorthand, not to explaining very carefully to another intelligent being what this issue is, how this market works, why, in a voluntary competitive market certain things are just driven to happen. "Profits make it happen; that's the way the system is. If you want to change it, we may have some suggestions."

We must learn to speak in English. That's really where "too technical" comes from. Legislators talk to some member of the profession, to one of us, and they don't understand what we're saying. And, therefore, people say we're too technical. That's not true. It can all be explained in English. We also have to learn not to use some of our own key words, like *discrimination* and *unfair and fair discrimination*, and *risk classification analysis*. That's death. We know exactly what it means; it means something very precise to us. It is socially unacceptable. People don't hear what you're saying when you start using those words. We also have to learn not to use *equity*. You can always explain what you mean, and how the market's working. Intelligent people can understand you. But when you tell them about what equity means in insurance, they sort of look at you and think, "Huh? You're crazy. That's not the way we make public policy." So we have to learn to use really standard English, and to back off from our own terminology. Please never talk about the *socialization of insurance*. You offend at least half of the policymakers in the country by using that phrase. We don't need to use that phrase.

SPECIALIZATION

The "too specialized" part of the myth is when people say, "Oh, you guys are too specialized. You guys worry about these nitty little things. You can't help us." What they're really telling us, what they're really communicating, is that we missed the point. We didn't understand what information was important for these people. And we're really good at that, because we understand so well the big picture, the broad ways in which markets work, that we come in and we talk about the detail, which is of great concern to us if they do this or that in a law.

I recently read a piece on personal auto insurance and that whole crisis. A page and a half or so was devoted to all the problems and what's going on in the states. About a page and a half was devoted to the inequity to the producers of auto insurance of having roll-backs, where you roll back rates from a point in time. In fact, some insurance companies came in for their last rate increase two years ago. Maybe they didn't even get all that they thought they needed at that point. Some people got their last rate increase yesterday. It's very inequitable to roll them all back from some time when they're in different parts of their cycle of getting rate increases. Of all the crises out there in auto insurance, I just don't think I would have picked that one to talk about a lot. From a policymaker's point of view, unless they are at that level of technical debate and technical consideration in the regulation, it really is like, "What are you guys nitpicking about? That's a technical problem. Don't tell me about it. Tell me how to solve it."

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I have some other general points that make this myth happen. I think we can change the myth. I suppose I should brag. Am I allowed to do that? Thirteen months ago, the Ways and Means Subcommittee on Health called up and said they wanted the Academy to provide an expert witness for one of their hearings. They were a little tentative about this, but they thought they'd give us a whirl. I talked to them, and after talking awhile, they didn't seem so tentative. A couple of days before the hearing, they called me up and said, "We want you to come up. This is the first time this subcommittee has ever worried about private health insurance, about underwriting, about how you do it for individuals, how you do it for big groups, how you do it for small groups. The members of this subcommittee know nothing about this. They know a lot about Medicare." That subcommittee's a very informed group of people who know a lot about health; they know nothing about private health insurances. "We're really afraid that our members may ask stupid questions and we don't want this to look silly. Would you come up and teach us about risk classification?" I don't know how they learned the words. Maybe I told them. "Come up and teach us about risk classification. We're having all the personal staffs and all the subcommittee staff, and we want you to come do that." I said, "Okay, I'll get someone and come up and do that." They said, "No, you have to come." I said, "Wait a minute. I've worked for the Academy for only six months. I'm not much more ahead of the curve than you guys. I'm not sure I could explain to you what risk classification is." They insisted that I do it, not an actuary.

I think the reason that happened was because they knew who I was, because I'm a known commodity around Washington. They trusted me. They still had not learned, or were not secure, that we weren't the industry. I went and I gave the briefing; I'm sure I gave them a fair amount of misinformation. And we testified. It's 13 months later, and those people -- the staff people and a number of the congressmen -- truly understand risk classification underwriting, and even how it all fits together. You do the analysis, figure out what the boxes are, then you underwrite, put the people in the boxes, and that makes the rates. They figured that all out.

I think if they called this year and said, "Send somebody to talk about X, Y, or Z. We want to know about this issue. Come send somebody for a staff briefing," and I said, "I'll be up tomorrow," they would probably say, "No, no, no, we want an actuary." I think that's really important that that has happened. I think that's a great success of ours. The health committee, in particular, has spent a great deal of effort, time, and work bothering to communicate.

It takes a lot more time to write a piece of testimony when you have to do it in English. It's a lot of work to explain certain actuarial concepts in English. But they're all explainable, and they're not that hard to understand. The subcommittee members don't have to be able to do the calculations. They just have to understand the process by which they're done.

KNOW YOUR AUDIENCE

Some final points: You have to know your audience and you have to know where they are in their learning curve. That's very important. That relates to being too specialized, too technical. You have to figure that out in advance. You have to do the work it takes to figure out whether these people know yet what the words *risk classification* mean. If they do, you don't bore them with simple stuff, you go on.

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You have to figure out exactly where that audience is. You have to figure out exactly where the debate is in its development, or you're not going to give them the right information. You're not going to talk about the relevant topics, you're going to talk about nits, or you're going to talk about stuff that's too broad.

We also must learn not to be vague. Actuaries tend to either be very detailed about what they say or they'll make a generality without giving the audience a sense of how important it is. One of the biggest difficulties I have in working with people doing testimony is that they're very willing to say, for example, in rating health insurance, "Older workers are more expensive to insure than younger workers. The age differentials are very important; if you reduce them, some things will happen." But you guys are very unwilling to give a number on that. Like, "workers 55-59 are 100% more expensive to insure than workers under 30. It costs twice as much. The claim costs are just twice as great." It's very hard to get many of you to say things like that, because you say, "Well, it depends on the coverages." Maternity coverage? The older ones are infinitely cheaper. Especially older men. You must just learn to do it. Bite your tongue and do it. Give them some number, which, although it's some generalization and doesn't apply in lots of different cases, in fact gives people some sense of the magnitude of what they're dealing with.

MR. DANIEL J. MCCARTHY: Barbara and Gary talked a good deal about myths that relate, at least in part, to the hows of dealing with public policy. In fact, the one Gary was talking about, in particular, that has always interested me is, those guys, no matter what you tell them, aren't going to pay attention. That myth is so popular that it could almost be called, if you'll pardon the pun, Myth America.

But I've been asked to talk about the whys. And Jim, in setting the stage for that, said something that is true but, I would argue, irrelevant. Jim said that I'm being asked to talk about this because my job, my day-to-day work, is affected by public policy issues. It is. But I would argue that all our jobs, if we understand them correctly, are influenced by, and significantly changed by, public policy issues. And I want to start with that point and then talk about a few specifics as to why. When I get to the specifics, the examples are drawn from things that are important to me. I don't claim they will be important to you. I offer them as a way for you to build up your own examples.

But first, as a demonstration of the fact that I'm getting older, I want to go back to two talks I heard 25 years ago that basically encouraged me to change the way I thought about my job. The first was given by Walter Klem, who at that time was the senior actuary at the Equitable, where I worked. He was addressing a group of actuarial students, and his theme was really very simple. He said, "Inevitably as you go along in life, you'll pick out certain areas in which you specialize. That's natural and normal, and you'll do it and everybody does it. But," he said, "once you've figured out what those areas are, spend your time understanding, to the maximum extent possible, all the implications of those areas. Not just what's on your desk that day." I remember that he took taxation as an example. And he said, "For example, if you're interested in taxation, be interested in all aspects of taxation. Know how it affects the economy. Know how it affects your employer. Know how it affects your customer. Understand the alternate forms. Don't just say, 'Today I work on taxation and this is the tax law, and I know the tax law, and that's the end of it.'"

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The second talk I heard was around the same time. It was given by a guy named Jack Riley. Jack was a Ph.D. in sociology and a professor of sociology at Rutgers University, who by some midlife switch became a chief human resources officer, again at Equitable, where I worked at the time. Of course, in those days we called it personnel, we didn't call it human resources. This was the 1960s remember. But, nonetheless, he was what you'd call a human resources officer. And he gave an interesting talk, the theme of which was that you can separate the work you do in your job into two categories. Category one is dealing with the problems, challenges, issues in the environment as it is today. And perhaps with minor changes in that environment. And part two is imagining the issues that will confront you if the environment changes significantly in some way or another. And he argued in 1965 that most of us at that time probably spent 95% of our time dealing with the things that were on our desks in terms of the environment as it stood then. And only the other 5-10% dealing with what would happen the day after tomorrow when the world changed. And his argument, very perceptive 25 years ago, was that the pace of change was going to pick up. And if we didn't kind of renormalize our ratios between dealing with today's environment and thinking about all the implications of tomorrow's environment, we were not going to be very valuable people.

PUBLIC POLICY AFFECTS EVERYONE

Now I'm going to offer a few examples in relation to that. However, I want to draw a distinction. The myth here I was asked to deal with said, "Changes in public policy don't affect my day-to-day work." First, I've suggested we need to construe our day-to-day work broadly. But clearly, any of us, no matter what field we were in, would certainly say, "Oh, there are some kinds of changes in public policy that affect me." For example, if you design life insurance products for a living, probably the change in the tax law that Congress made last year, the so-called deferred acquisition cost (DAC) tax, influences you directly, even if you construe your job narrowly. That is to say, if you sit there and say, "My job is to design, and price, and reprice products," that will hit you directly. I don't have to sell you on that one, because that's there. If you are an actuary who, for example, designs or prices Medicare supplement products, certainly you don't have to be told that when Congress passes the law that says, "In the future there's going to be only nine of these babies, and you've got to work with those," then that affects your day-to-day work, even narrowly construed.

Let's accept those examples; those are the easy ones. Let's accept that for each of us, in terms of what's on our desk, there are some aspects of public policy that affect us. But then we say, "But the other stuff, you know, it's kind of blue sky, or it's not really in my area, or really doesn't have much effect on me." Those are the ones I want to urge you to think about. And I want to suggest that when changes take place, when legislation is passed or regulations are passed, their implications go well beyond what you would first think of. And it's those other implications that we need to be thinking about in order to convince ourselves that we should be active in public policy issues.

Let me take Medicare as an example. Now, when Medicare was passed, there were certain implications of it that were directly obvious. It had something to do with the kind of coverages group insurers were providing people over age 65 and that was clear. And it was also clear that it was going to do something about people age 65

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who just didn't have enough coverage. Those things were pretty clear. There were also some interesting funding issues. And, by the way, if we're talking about actuaries and public policy, I view as the actuarial heroes of that period Dan Pettengill and Mort Miller, each of whom had a lot to do with the fact that Medicare was funded as adequately as it was, and that the funding mechanism held up, not perfectly, but as well as it did for as long as it did.

But Medicare has had an effect well beyond that. And I would argue that it affects us even if we have nothing to do with health insurance pricing, health insurance product design. And when I say it affects us, by the way, I don't mean that in the civics course sense of saying, "Well, we're citizens. It affects us that way." I mean as working actuaries it affects us. For example, it has had a significant effect on the wealth of older Americans. That has had a significant effect on the kinds of products insurance companies sell and people buy. It has had a lot to do with savings accumulation and the way people plan for their futures. It's had a lot to do with hospital construction and the utilization of medical care, and not just among people over age 65. It's had a lot to do with the demand for trained medical care professionals. It's therefore had a lot to do with the rate of medical care cost increase. And again, not just for the portion of the public that is covered by Medicare. Tremendous dimensions have affected work that a lot of us do, even if we don't work directly in that field.

Second example: tax reform. Reform -- good word, isn't it? I like Russell Long's definition. His definition of reform was, "Don't tax you, don't tax me, tax that fellow behind the tree." But let's call it tax change. You may or may not think it's reform. I'm not arguing if it's a good or bad idea. But there were significant changes in United States taxation in the mid-1980s. Lowering of tax rates, but removing all kinds of tax shelters and tax deductions that existed before meant tremendous implications for the insurance business. Not just in that "Well, I'm an actuary. I'm paid a salary. So it affects my taxes." Sure, that way. But also big differences in the way people plan, in the kinds of financial vehicles that are important to them. You look at the way individual annuity monies have shot up.

All of a sudden that's become one of the best deals there is. And yet that wasn't, directly certainly, in the minds of the legislators at the time that law was passed. It may or may not have been in the minds of actuaries and others who were thinking about that legislation when it was proposed. But it's had a tremendous lot to go on in the meantime.

And, of course, it's had a ripple effect. All those things became so popular that Congress then had to say, "We have to look at these devices; we never worried about all that much before. What is life insurance and how do you tax it? And what are annuities, and how do you tax them to the customers?" A tremendous ripple effect on all that was set off by a change in national policy that really had nothing to do with any of those things. It has influenced our working lives, beyond the way we might have thought they would be influenced when the tax law was proposed.

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Now certainly, actuaries who were involved in solvency issues with companies and actuaries who were involved in financial reporting didn't have to have it explained to

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them that the proposals for, and the development of, Regulation 126 would affect them. Again, that's a pretty direct-line relationship. But I would argue to you that Regulation 126, because of the kinds of focus it has put on solvency, has had a significant effect on the markets and the pricing for certain kinds of products, and has had some effect on the way insurance companies invest. And those second-order effects I would claim were not widely thought about, widely understood, or widely communicated, as the regulatory process went along the way. By the way, I happen to think most of those changes are for the better. But for the better or for the worse, my point is, if we think about them, and we're involved in the process, and we don't think narrowly, and we look at all the implications, then we see that they do affect our working lives.

Those are all examples from the past. I thought I'd offer a few that seem to be topical right now, to suggest that, perhaps, as you reflect on them, these or others you may think of will have an effect on the way you think beyond a narrow construction of what your job is. Today, lots of people on the executive level national scene, are calling for discussion to develop a national retirement policy. Sometimes they say national retirement income policy, sometimes national retirement policy. One of the wonderful things about that, of course, is that nobody knows exactly what it is. They haven't even defined necessarily what would be the components of a national retirement policy. What I suggest to you is that if we become serious about this in the United States, that that will have implications -- beyond the narrow ones. I don't just mean that somebody will write some changes in ERISA, or somebody will do something to promote savings -- those kinds of things would be fairly straightforward. But I would say to you that if this becomes a national debate, things will come out of it that affect our working lives beyond the narrow focus and the first level of things you think about. That's the why in why we should be involved. Because we have an interest, because we know something, and because if we construe our jobs broadly, there will be implications that we will learn about, that we will care about, and that we ought to communicate about.

My second example would be the current examination in many states of the forming of health insurance risk pools for uninsured people. There I think we have a lot to learn from the automobile insurance industry and from actuaries who work in that field. Risk pools have implications beyond the simple notion that they provide coverage to people who don't otherwise have it. Those implications are probably not exactly the same for health as for auto, but nonetheless they are there and they will affect us beyond simply saying, "Well, my company will participate in such a pool, so I care about it." They will affect pricing beyond that. They will affect people who are not in those pools, because the service is available to them, and the prices charged for them will change. And they will have effects in a number of ways that I'm sure if we had a board here we could just list for half an hour. Again, if you construe your job broadly, it will matter.

Finally, there is discussion now here in the state of New York examining the implications for changing the agents' compensation law in the state. Never mind for the moment whether it's a good idea to have such a law. And this is one in which I would have a narrow parochial interest, anyway. What I would argue to you is that beyond simply changing the way in which agents are compensated, it will, if it passes, affect the way products are designed, it will have an effect on the way

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companies are structured, it will have an effect on entry into or exit from New York by insurers of different categories. It will have significant implications for the insurance business because it affects about 35-40% of the individual insurance that's sold in this country.

Well, those are just a few examples. I encourage you to think of your own examples. Because, as Barbara suggested, you do have to pick your spots. You can't cover everything. But there are opportunities. And Jim will perhaps come back to this. He loves to sell this as an opportunity to say that he's got a whole bunch of committees where he needs people to help. It gives you the opportunity to construe your job broadly enough to identify issues that at first glance aren't your issues, and at second glance are, about which you should not only care but which will give you a way to fit in, how to communicate, and how to have an effect.

MR. MURPHY: At this point, before I close with a few remarks, I'd like to ask all the panelists if they want to add something to what's been said about each of the myths. And let's take them in order again, starting with the first myth: The actuarial profession is too small to influence public policymakers. We don't represent a power base. I think that we all agree that Barbara does represent a power base and gives a good example why this is a myth. But perhaps Gary or Dan would like to add some comments about that myth.

MR. MCCARTHY: I have a thought that comes out of some examples Barbara gave, which raised a point that I would like to emphasize. When a subject first comes up for public discussion -- take the unisex issue as an example -- it's actually fairly simple for knowledgeable professionals to participate in the discussion, provided they communicate well. Because inevitably, the people who have raised the issue, if they don't come from within the field, despite their focus, will have overlooked a lot of obvious things. They simply haven't worked with them. So at square one, it's usually fairly easy to be effective if you can communicate well, because you simply explain three or four issues that they just blew, or didn't even think about. However, they will be back. And it's important to remember that the argument or points that are made in the first year won't be of very much use to you in the third year. Because the shape of the argument will have progressed, and it will have become refined.

So it's important in getting at the long-term issues to remember that the facts, the perspective, and the shape of the knowledge that you bring on day one had better continue to grow as the issue grows, or you won't be effective, even though persistent, down the line.

MR. MURPHY: Gary, anything on Myth One?

MR. HENDRICKS: What Dan said reminds me of another problem I have with the committees sometimes, which is, "When we said this last year, how can we change our mind?" And I sort of figured out that, "Well, we can change our mind because we learn more."

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I feel like I shouldn't pick on my employers, since my employers are all sitting right here, but there is this sort of fetish, I think in this field more than some others, about consistency and consistency over time. And you really do have to change.

MR. MCCARTHY: It isn't just change, it's development. Sometimes you may say, "Hey, we said that and that was true three years ago, and it's not today." But sometimes it's simply development or refined vision.

MR. MURPHY: As I think about what I've heard so far on Myth One and something that was said on Myth Two, I'm reminded of something like this. We don't have the numbers. But that's not a problem because we do have the numbers. And that leads us directly into the second myth. Government does want to hear from a technical profession such as us, provided we communicate with them in a language they understand. Do either Dan or Barbara have something to add on that myth?

MS. LAUTZENHEISER: I want to sort of merge what Dan was saying and reemphasize that you're correct, Dan. Not only do you need persistence, but you need to change it, and you need to constantly adjust to your audience and try to read what they don't understand. I've seen us too many times go in with the same pitch to the same people, and we're not really addressing the particular question that they want to hear. You need to sort of figure out what that audience is, its level of education or noneducation, or particular concern, and address that. Also, I want to emphasize that it has to be addressed simply enough and with short enough statements. We are a one-minute manager, one-minute attention-span world.

As I told Gary, I always analogize, or I will allow you to visualize, what a sign on the highway would look like that says "Minimum 40" if an actuary developed it. It would be a billboard with all the caveats as to why you couldn't maintain a minimum of 40: if someone stopped in front of you, if someone died in front of you, if there was an icy road. We would list them for three or four billboards down the road. You've got to bring it so that it's short enough that people understand it.

MR. MCCARTHY: In part, Jim, it was the point you made. We usually do have the numbers. But we are too apologetic for the numbers we have. And maybe that's a variation on Barbara's theme. We know that when you collect the data, it's never perfect, you've never got the stuff exactly right; you've got to qualify it all kinds of ways. And certainly, in the interest of accurate written communication, in the footnotes you need to do that. But nonetheless, you need to get the headline numbers up front. We really do have them, by and large, if we put our work to it. And I agree we do apologize to that. I just want to stress the fact that we don't really have to.

MR. MURPHY: On that same point, I'm reminded of something I think was in *Star Trek IV*. They were in some trouble, and Spock was working on some calculation that was needed. He had to make what was, to him, a guess -- a concept he hardly could understand, of course. And the discussion led to the point that his guess was better than someone else's facts. I say that in the sense that we are the experts in a number of areas. Congress needs that expertise. And when we tell them something, it has value -- provided they can understand it. And they don't need to hear all the caveats; they can't appreciate all the caveats. They take belief in the fact that we've

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taken that into account in giving them some facts. That's our job. They just need to hear from us in plain and simple language. And our guesses, our estimates, will be better than someone else's facts. Any comments from Barbara or Gary on Myth Three?

MS. LAUTZENHEISER: I just wanted to share some of the examples, and I guess I want to put a slightly different spin on what Dan said, which is thinking about the implications, and mainly having to think about how things are affected over a very long period of time. We think we are in the long-term business, yet we really tend to pay attention only to what's happening today. I'll share with you one of my latest fears – and there were several – that came out of the last NAIC meeting. I have never been as disturbed as I was at the last NAIC meeting, mainly because of the potential of federal intervention and the response to it. But my biggest fear these days has to do with the standardization of contracts and the elimination of innovation as opposed to the development of innovation. If you take a look today, we see medical contracts totally standardized, and even the compensation formats standardized. We see long-term care coming out with ten standard policies. If it turns out that ten don't work, we will break it down to five, or three, or two, or whatever. And you heard Gary talk about standardization of life contracts. You may think that is impossible, but it's my recollection that that was mentioned by a consumerist at the ACLI's November meeting last year, and would not surprise me, because it's one way to make sure everyone "understands" what we have to sell. And it's possibly in lieu of a disclosure kind of piece.

So there are very long-term things that keep occurring that you sort of need to pay attention to. Because it's like the old story: If all you're looking at is the elephant's tail, you don't really realize how big the elephant is. It could even look like a small snake to you.

MR. MURPHY: Okay, I'd like to add something. First, taking a little poll: Have we debunked Myths One, Two, and Three? Show your hands if you think we have. Okay, having shown your hands and agreed that these myths are invalid, I then charge you with the responsibility of getting involved with public policy, which is what this is all about.

And I want to say a little bit about that before I open up to questions, because maybe that will also spur some ideas. You can get involved on your own, in your own state, with state legislative activities; even local activities as simple as helping out the local pension board for the local employees, public employees, to much greater things. Get involved with testimony before legislatures or Congress, on your own, in an issue where you are an expert. Certainly, as actuaries, we have something to bring forth. You may know a congressman well enough to just provide your input to that person. But, in addition, we will be more effective and are more effective when we speak, not necessarily with one voice in the sense that we say just one thing but that we have a profession speaking to the government. That's the job that I have in heading up the Academy office. We are charged by this profession to bring the actuarial point of view to public policymakers. We don't do that in Washington. I don't do it, Gary doesn't do it. Our committees do that. We just help expedite the process, help get them in front of the right people, help identify what issues are hot, and why they're hot. Help them with the audience identification and the issue

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identification. But it's up to you and your counterparts in the profession who serve on our committees to really do that. And we urge you to get involved with Academy committees or Canadian Institute of Actuaries committees if you're a Canadian. That is their job in Canada, and one that they are getting more and more involved in.

I'd mentioned another element that Gary alluded to, but I want to build on a little. Part of being effective is being known. And one aspect of being known is public relations. Let the public and the public policymakers know just who and what we are, so that they become aware of this profession out here that might be able to help them. And I have a simple way you can help there. *Contingencies* is a magazine that has a subscription of roughly 25,000. Half of that subscription is a list of public policymakers, both in and out of government. Contribute an article, or an article idea, perhaps from some speech or some project you're working on, that might be of interest to an audience beyond just actuaries. Perhaps it's a paper you did for the Society of Actuaries *Transactions*, or something you did for a program here, but could be shaped into something that would be informative to those other 12,000 people or so who get this magazine.

But all I'm trying to say, there are different ways you can get involved. You can get involved with the issues. You can get involved on your own. You can work with public policy committees. You can work through the Society of Actuaries research committees developing information that we at the Academy and the Canadian Institute can take before government and help them solve their problems. So, having agreed that the myths have been debunked, I hope you will leave here with a good feeling about getting involved.

MR. WILLIAM CARROLL: I'll take advantage of your invitation to be involved, but I should point out an important factor: Don't stand up in front of a legal body if you don't know what they know about the issue.

But my question begins with a story. More than 100 years ago, a state regulator wanted to know how to calculate what we probably call net level premium reserves, and he sought the opinion of four leading actuaries of the day. And he was wise enough to give them a specific example, with specific facts, and ask for the reserve at a particular duration. When he got back his answers, and I'll put in this for Mr. Hendricks, the variation between the lowest and the highest was 50%. You guys know this story. During the discussion, he was further set back when he found out that the one with the highest and the one with the lowest had used the same assumptions. Now, my question is, do we confuse the regulators, and how do we deal with Myth Two when we have different professionals, actuaries, up there telling them contrary stories about what the facts are, and what they ought to think and do?

MR. HENDRICKS: For many, many public policy decisions, the difference between 50% and 100% wouldn't matter. The difference between 5% and 100% would matter a great deal. I think that's part of the answer. Sometimes what seems to be a disagreement is not very much of a disagreement. So I don't think the disagreements always are so detrimental. It takes a lot of time and patience, though, to work them out. And sometimes you just have to convince people on the basis of logic which of those estimates is likely to be right. And when the real estimates are like

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that, Bill, I think they are like that. When reasonable people can come up with reasonable answers that are that different, that's what they are. And it kind of gets out of our hands.

MR. MCCARTHY: I spend a lot of my time as an expert witness in litigation situations, and often there will be somebody else whose answer to a question might be 50% or 200% different from mine. And it seems to me what's important in situations like that carries over here. It's important to be able to explain fairly succinctly, and not obscurely, what the reasons for the difference are. If somebody does a calculation and gets answer A, and somebody else does one and gets answer B, without regard to what's right, the first question is, "Why are they different?" And usually you can get that if there are some major categories that you can communicate fairly simply. Now, after that, you'll still have an argument about who's right. But the first key to me is always explain the differences. That way it takes it out of the area of magic, and it takes it out of the area of finger pointing, and it gets it down to a discussion that you can then have about, "Well, how about this assumption or that assumption, and what's the factual basis for this one or that one?" So, to me, the first key is to explain major components of the difference, and then go on from there.

MS. LAUTZENHEISER: I was just going to add to that. What I always like to do is take any pile of lemons and turn them into lemonade. And the very fact you have differences may, just as Dan says, point to the fact that there are implications. The size of the implications can vary. And so you go through the assumptions that lead to it. But you've almost got their attention when you have that much difference. What you said is that there are implications, and they can be different implications. But you need to look at those implications.

MR. PAUL A. CAMPBELL: I have one comment in support of debunking Myth One. Just this last week, the *Economist* carried a very interesting article called "Marking Your Bench," about how companies or organizations have found increasing success with finding organizations outside their own that do well at what it is they're struggling to do. And the idea of debunking Myth One could include the idea of looking to see people or organizations that seem to be effective at dealing with legislators.

As far as Myth Three, I'll speak a little bit more wearing the hat of the chairman of the futurism section to say that it's very important to appreciate this "What if . . ." component, even if it applies to the profession as a whole rather than to that particular component of the profession. There was a very interesting article in the *Washington Post* not too long ago about the importance of scenario software as opposed to spreadsheet software. It said that the successful organization of the future might well be the one that spends the money that it would spend on 100 spreadsheet stations on hiring one science fiction writer, as you were talking about, Jim. Because the idea of telling stories about what might happen in the future is extremely important to think about; where things might go if the present track follows.

What if any of us, as individuals, see an area where we think it's a good idea for some kind of a comment to be made? It would be nice to know that, on an

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individual basis, we can call Washington and find out the best way of contributing personally to this situation.

MR. MURPHY: On that point, Gary and I would love to get a call like that from any of you. It may be that you heard of something out there that we don't know is happening yet -- particularly the state issues, where we just can't follow them all.

MR. MCCARTHY: Tell him the left-handed story.

MR. MURPHY: This is related to public relations. Maybe you've seen in the news, this material about some psychologists who have done a study about left-handers living nine years less than right-handers. One of our members, in fact, President of the Society of Actuaries, saw this in the *New England Journal of Medicine*, presumably before anybody else did. She took the time to call us and say this is something we need to debunk. We got some material, looked at it, worked with our public relations firm in Washington, and within a night we had a press release out targeted to those very media that had picked up the original story. It got an awful lot of press, first, by doing a good job of debunking this bad research in terms of mortality research. But we also got the word *actuary* in front of a whole lot of people who maybe never have heard of us before. Little things like that. And, as I said, PR is part of public interface and influencing policymakers. So anytime you can give us information or ideas or areas we need to work on, please let us.

MR. JAY M. JAFFE: I'm very pleased about this session, because I, in part, was responsible for it. I had a dinner one night with Daphne Bartlett, President of SOA, and I asked some questions. Incidentally, a few weeks ago, which is apropos of this, I was fortunate to see my son graduate from college, and President Bush was the speaker. And he put it perhaps better than I have ever been able to do. He said the best way to predict the future is to invent it. My question, which you haven't answered, which was part of my original discussion with Daphne, is, "How can we invent the future?" All the things that you've spoken about here seem to be reactions. And yet, we have this storehouse of knowledge. There are articles in papers every day about solutions for the medical care crisis. We perhaps know more about what is going on in these areas than other people, and yet we are reacting; we are doing as a reactive measure, rather than as a proactive measure. What can the Academy do, what can the Society do, what can we as actuaries do, to get more involved in lending our expertise?

I also want to comment that I think we have a problem that we are employed. There is this dichotomy between representing an employer and representing a profession. Perhaps you could also bring that in, if it's important from your perspective.

MR. MURPHY: Do one of you want to take this first? I have some thoughts, but you're welcome to start as the panelists.

MS. LAUTZENHEISER: That is my concept about planning: You identify a problem, and then begin to structure it and build some sort of influence to impacting it. And we are talking about doing that in the Actuary of the Future group. There are some demographic changes that are out there, and some long-term care issues, and some other issues, that clearly need identification and work. But they are very long term,

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and they will not happen without a plan. If you just sit and wish they would happen, they won't happen. You have to sit down, address them, have people identify that long-term need, and then begin to fill it. And then we end up in a proactive mode rather than a reactive mode. Now that takes long-term commitment, and it takes someone identifying it and then people willing to work on it as a long-term commitment, paid or unpaid.

MR. MCCARTHY: I think particularly on health care, the long-term aspect of it is key. Because as a profession, we are not nationally influential, as you suggested, in health policy matters, at least not to the extent we should be. It's kind of interesting, in fact, that Bill Hsiao, who was the principal architect of the major current changes in the way Medicare is going to pay doctors, is an actuary. He obtained his influence, however, by going back and getting a Ph.D. in economics and working at Harvard. And one of the reasons he did that, he will say, is that he concluded he wanted not only to take the background he had, but build some more background to be able to be influential in public policy long term. I'm not suggesting we should all become economists. Maybe we can have some economists become actuaries, in fact. But I am suggesting that whatever we do, in that particular example we start from a position of disadvantage. And as Barbara said, it is going to take a long-term commitment, however we go at it, to overcome that.

MR. HENDRICKS: I think we also have to realize that however much we have to contribute to particular issues, we have to realize the limitations of the profession. We can't just solve the health care problems of this country. It involves providers, it involves a whole set of institutions where we are not the most knowledgeable people. And I think we have to understand that.

I was very impressed when the speaker at the general session said we should be taking care of insolvency. And I was sitting there looking around the room, thinking, "How do we do that?" I couldn't get my mind around how the Society, the Academy, anybody, does that as a profession.

MS. LAUTZENHEISER: When I talk about planning, I'm not talking about just a group of actuaries sitting around. But I think we can be the leaders that cause the group of all those people who are, and should be, involved to sit around. So you become the leader that starts it and moves it, not just the person who does it, or the group that does it.

MR. MURPHY: At the risk of sounding like an ad, I will say that supporting the Academy and the Canadian Institute is one way you can try to help do this. Because you'll get people like Gary and me, who part of our job is to get close to the staffers -- particularly Gary and his staff -- in Congress, in the administration. And get their trust so that they will talk to us before proposals get on the floor of Congress, so we can help shape those proposals.

MR. MCCARTHY: How about making some proposals?

MR. MURPHY: That's the next step. In fact, we had one example last year where we virtually did make a proposal. We have to become comfortable with the political process and recognize when we make proposals, there are going to be people who

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want to compromise with those proposals. And in order to make them go somewhere, we're going to have to do it.

At the risk of repeating myself, we can use vehicles such as *Contingencies* to put out the ideas of various actuaries about problems and how they might be solved. And that will be read by some people who can influence things. But it's a very difficult job to invent the future. As we do a better and better job of reacting to the present, I think we can then build a base for doing a better job of inventing the future.

MR. PATRICK W. WALLNER: I was just wondering if that panelist could comment on possibly learning lessons from other professions regarding Myth Two, the problem of being too technical or too specialized. I was wondering if any panelists had seen examples of other professions being successful in dispelling that myth.

MR. HENDRICKS: The economists. That's because they're not afraid of their numbers, even if they're stupid.

MR. MURPHY: Talk about a group with a difference of opinion!

MR. HENDRICKS: No, it's true.

MS. LAUTZENHEISER: It goes back to Scitovsky again, who went with her team and got money from the CDC. I can't imagine anyone here who wouldn't be appalled at the numbers that were used and the assumptions that were used. And then the report that was touted all over the place was Scitovsky's report having to do with the financial impact. She used life expectancies, right in our bailiwick, that were not good life expectancies. You can look at it and your mouth will just drop down to here. She didn't quarrel with it. She just went ahead and did it. And she went and got the money to do it, and put her plan together, just as you're talking about, Jay. She went and got the money to get it down, and then got the people together and moved it out.

MR. WARREN R. LUCKNER: I think the second part of Jay's comment was particularly important and I'd like to hear some response to that, and that is the issue of separating ourselves as professionals from our employers. I think, too often, we're viewed as advocates for the status quo, partly because of being in the context of being employed by the insurance industry. And I think that it's important that we recognize our responsibilities as professionals and not necessarily as employers. At least that's my opinion. And I'd appreciate the opinions of the panel on it.

MR. MURPHY: I think that's a good point, and I apologize to Jay for dropping that. Any of you want to address that one?

MR. HENDRICKS: I'm very impressed, in working with the Academy committees, with how well the profession is able to separate and forget about its employer. It does cause problems. There are some committees where that doesn't work very well; I won't name them. But most of the committees that I work with -- there are 16 of them, the public issues committees -- are very good. People rotate on and off, so that the committee ethic gets passed on to the new members.

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The one time it does become a problem sometimes is when you people testify. The company people sometimes just can't do that. What they can say when the door is closed and the committee is working on something and what they can say publicly in front a congressional committee is sometimes quite limited. So the consultants do most of the testifying.

MR. MURPHY: The primary thing we need to do here is build a reputation, as a profession, speaking to issues from a professional perspective. And the best way we do that is by continuing to do it. And then they will come to us to talk to us and do as they did in the health area, invite us to testify. And they will want to hear from us. That's just something we have to work at and build, because it is clearly a problem of any profession that is tied to a number of industries. We can be tied with employers because of the pension plans they sponsor, or to insurance companies, or to the health care providers, who some of our members may consult with. We always have that problem. All we can do is continue to build a credibility, a reputation with those who we want to speak to and we hope will want to speak to us.

MR. HENDRICKS: I was at a committee meeting once where at the end of the committee meeting they all just cracked up and said, "I can't believe we decided this. I can't believe we decided this. This is against every one of our companies' interests." I was pretty impressed.

MR. MURPHY: We won't tell what that issue was.

MR. McCARTHY: Let alone the names of the members.

MR. JUSTINO PADIERNOS: First, I'd like to commend the panel for a very exhaustive discussion of a very important topic. I just wanted to raise a couple of points that I thought may be supplementing or complementing some of the points raised. The first one is, the matter of influencing public opinion, in my opinion, is going to the root of the source of the public opinion. I recall a couple of incidents in our recent politics. For instance, the amendment to the Panama Canal treaty in the late 1970s. It was almost impossible that the public policy would shift in the way that it did. And I tried to look back, and the only thing material in that debate was that the President of the United States wanted to amend the Panama Canal treaty.

And then the second one is the most recent one, the Gulf War. With all the beautiful debates that I was watching over CNN and all this cable, you would think it impossible, with all the public opinion and everything going in one direction, to do what we did there. But there is a big difference. There was one guy who wanted to do what we were called to do there.

What I'm trying to say is the best way to influence public opinion is put yourself in a position where you can influence public opinion. And maybe Barbara, you should run for Congress, and who knows? We may still have the first woman president of this country coming from this profession.

The second point I want to raise goes back to the saying in every book that we have, the logo, or the motto of the Society of Actuaries. In my opinion, the most

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persuasive thing to influence public opinion is the strength of reasoning. If we have a strong reason, if you are always on the side of reason, you can influence public opinion.

MR. PAUL G. SCHOTT: Mention was made that *Contingencies* is being mailed out to public policymakers. Do we have any feel for what effect that is having in actually making public policy?

MR. MURPHY: I'm aware of at least one instance where -- maybe Erich knows -- a state legislature was having a hearing. Why don't you tell the story?

MR. ERICH PARKER*: *Contingencies* has been used three times by state legislatures. That is, it has been used in the course of testimony before state legislatures to support the position of an individual or group testifying. A couple of articles have been requested by presidential commissions. It has been used once by the U.S. Congress, again in the course of testimony before Congress. So we are making an impact.

MR. MURPHY: At this point, that's the best information we have. At some point, we will probably do a readership survey of our nonactuarial readers and see what we learn from that. But we are seeing examples where the printed word in the magazine is being used. So we're very pleased with that.

* Mr. Erich Parker, not a member of the sponsoring organizations, is Director of Public Information of the American Academy of Actuaries in Washington, District of Columbia.