

## Address to New Members – November 10, 2014

David G. Hartman

Thank you, Wayne, for giving me the honor of addressing our new members.

You've made it! Congratulations to each of you who have attained either your Associateship or Fellowship in the Casualty Actuarial Society or have earned your CERA designation. You have achieved a worthy goal. And you have demonstrated good planning skills to reach this goal to be recognized at this celebration of the Centennial of the CAS. For those who are new Associates from North America, I hope you will soon join the American Academy of Actuaries or the Canadian Institute of Actuaries and, most importantly, keep on taking actuarial examinations until you earn your Fellowship. As Wayne Fisher just noted, 430 new Associates are being recognized today. By comparison, when I received my Associateship (not, as some suspect, 100 years ago), the membership total – Fellows plus Associates – was 448 in November of 1968. I'm impressed by the growth since then.

Also to be congratulated are those who provided support and encouragement to you along the way. Let's thank the members of your families, friends, co-workers and all the other people in your life who helped you to reach this point.

Yours is an unusually large class of new members since the CAS did not have a spring meeting this year so as to encourage attendance at the International Congress of Actuaries held last spring in Washington, D.C. Since you are twice the size of a usual class, we expect twice as much out of you!

In my totally unbiased opinion, let me congratulate you on having made an excellent career choice. I'm very proud to be a casualty actuary. I'd like to share with you some of the characteristics of our profession which have only become stronger for me over the years.

First of all, one of the favorable characteristics that first attracted me to the casualty actuarial profession is the low supply and high demand for us. Worldwide, currently there are approximately 62,000 actuaries of all specialties. That compares to the engineering or accounting professions, where there are many hundreds of thousands of each in just the U.S. Meanwhile, there are only about 6,500 members of the CAS.

To me, another favorable characteristic of the casualty actuarial field is that it is constantly changing. Change is occurring at a rapid pace throughout our society. You don't have to look any further than the changes in smart phone technology or computer memory capabilities since you began taking exams and now to have a great demonstration of change. From my perspective, the life and pension actuarial field is boring, since mortality tables change ever so slowly and changes in interest rates occur slowly as well. Meanwhile, changes occur quickly in factors affecting insured property and casualty losses, such as the development of driverless cars, and in the legal environment, such as cyber security, and the new applications of big data

that keep our casualty actuarial work quite challenging and interesting. No one will know all there is to know about casualty actuarial work – there is always more to learn. I hope each of you will adopt a practice of continuous learning to remain relevant. In many respects, you have not reached the end of your learning by completing your actuarial exams, but rather you are just beginning.

I also like the favorable characteristic of the actuarial profession of the unbiased nature of our examinations. Anyone, regardless of their gender, race, ethnicity or whatever, can take and pass actuarial exams and become qualified to practice. I am happy to see so much diversity represented in the group of new members before us.

Another favorable characteristic of the casualty actuarial profession is that insurance, the field in which most actuaries practice, is such an essential element of a vibrant, growing economy. Entrepreneurs and individuals benefit greatly by having an easy way to transfer potentially catastrophic risk. We, as actuaries, help contribute to a healthy, growing economy by identifying and evaluating the cost of risk. We also contribute to maintaining the financial stability of the insurance industry. We contribute to the social good.

The actuarial profession also has a favorable reputation as one made up of people with high ethical standards. You are familiar with our Code of Professional Conduct which guides us in that respect. While you sometimes hear of “creative” accountants or “shyster” lawyers or “quack” doctors, you practically never hear a derogatory comment about actuaries, other than perhaps about our personalities. That is no accident. It is up to each of you to do all you can to maintain the well-respected reputation of our profession.

But let me stop congratulating you on choosing such a great profession for yourselves and move on to share with you some characteristics and passions which I share from three casualty actuaries who have gone before.

Over the past four months, three noted past presidents of the CAS have passed away – Charles C. Hewitt, Ruth E. Salzmann and Jerome A. Scheibl. Each had passions I would like to share with you in hopes that you will also embrace them.

Charlie Hewitt was CAS President from 1972-73. He was one of the most intelligent, yet personable, people I ever knew. He could just as easily talk about esoteric mathematics as he could about nearly any other topic. His son Brian said about him “It is a rare person who is gifted with an advanced understanding and interest in mathematics while, at the same time, fluent in the written word and well-read in literature and history. Our father was one of those persons.” Charlie’s passion for good communication skills is one that is important for all actuaries.

You can be one of the world’s greatest technicians, but if you cannot communicate the results of your work to others, what value do you provide? We actuaries are, in reality, salespersons. We are usually in the position of selling our work product to our customers – be they

underwriters, clients, company management, regulators, legislators, or the like. We are also educators. Educating our various customers is one of the most important things we do. We must effectively communicate what we want our customers to “buy” in order to close the deal.

Charlie was also a proponent of women actuaries and played a key role in getting Ruth Salzmann elected as the first woman CAS President. Ruth was CAS President from 1978-79. She was the first woman president of any North American actuarial association, and would have been the first woman in the world to serve as president of an actuarial association had it not been for a small European association that elected a woman as its president just a few weeks before Ruth took office.

Since Ruth served as president, the CAS has had six more women presidents, including Irene Bass in 1994, Mavis Walters in 1998, Alice Gannon in 2000, Gail Ross in 2003, Mary Frances Miller in 2004 and Pat Teufel in 2012 – all of whom are present at this meeting. Looking at the demographics of your class, the CAS should be having a woman president about every third year one of these days soon, as well as presidents of Asian descent or other minorities – perhaps one or more of you.

Ruth was President at a time when the National Association of Insurance Commissioners was seriously talking about imposing a loss reserve opinion requirement on property-casualty insurers. CPA's said they felt qualified to issue such opinions. Ruth passionately stood up for the actuarial profession pointing out that casualty actuaries were the most qualified professionals to opine on the reasonableness of casualty loss reserves, based on their knowledge and, importantly, a willingness to be held accountable for their opinions. As a result of the arguments Ruth and others made, the NAIC voted to have the statements of loss reserve opinions signed only by actuaries.

The third past president I would like to quote is Jerry Scheibl, who served as President from 1980-81. Many recall him describing the learned actuarial associations in the U. S. as the ‘brains’ and the American Academy of Actuaries as the ‘mouth’ of the U. S. actuarial profession. He was a passionate advocate of volunteerism and service to the profession. He frequently quoted Francis Bacon saying ‘I hold every man a debtor to his profession’ urging CAS members to volunteer for service on a committee, write papers and appear on panels. Over one-third of the members of the CAS volunteer for the profession and I hope you will become a volunteer as well.

Jerry also worked passionately on developing a common Code of Professional Conduct and getting it adopted by each of the five U.S.-based actuarial associations – down to the last comma.

So, in summary of the passions of these three past presidents, I hope you will each develop a passion for communicating effectively, being accountable, being a volunteer serving our profession, and acting professionally.

Looking to your future, the sky is the limit on ways you can apply your attributes. In recent years there has been a growth in the number of actuaries working on risk studies and predictive modeling. These are both exciting, but within the sphere of insurance. There are many industries outside of insurance that can benefit from your analytical skills and training, including other financial institutions, serving as chief risk officers in every industry, and users of big data, for three examples. Embrace technology and go for it!

In closing, I would like to recall for you a statement made by another CAS past president – LeRoy J. Simon. He happens to be the president who signed my FCAS diploma. He said “It is easier to become an actuary than to be one.” Think about that a bit.

Congratulations again to you on your achievements. I wish you all the very best in your careers. You have everything going for you. Now take up the torch and run with it!