

CAS Presidential Address

By Gary R. Josephson

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In February 1915, Dr. I.M. Rubinow, president of the Casualty and Statistical Actuarial Society of America gave the first presidential address to the Society. It was titled “Our Problems.” I decided that this may not be the most energizing topic to choose for the last presidential address before our centennial year.

It turns out though, that the problems might have been better described as challenges. And the main challenge, as Dr. Rubinow discusses in his speech, was adapting to the sudden implementation of workers compensation laws around the U.S. Think about it—states were creating a new insurance coverage and legislating benefits; the actuaries had to start from first principles and develop a ratemaking and data collection system to support this coverage.

History will show that they did a pretty good job.

One statement in Dr. Rubinow’s speech struck me as relevant today. He said: “Over and above purely business considerations, even dry-as-dust actuaries and statisticians must remember the social value of their services.” I interpret this statement as saying that as professionals, actuaries had a responsibility to the public, and this should be a key consideration in our day-to-day business.

Now let’s jump ahead to 1963, on the eve of our 50th anniversary. In his speech, CAS President Laurence Longley-Cook discussed the then current issue of accreditation of actuaries and the formation of an association of actuaries. He said: “In order to achieve professional status, we must clearly establish what an actuary is, and it is for this reason that we have been studying the formation of an association of actuaries which can speak for the profession as a whole.” Note that the American Academy of Actuaries was formed two years later in 1965

Mr. Longley-Cook also spent time in his speech discussing exams. He said: “There has been considerable discussion over the years at the meetings of our Council as to the amount of mathematics an actuary needs to know.” He went on to say: “While all actuaries do not need the ability to carry through the complex mathematical developments required for certain research projects, a thorough grounding in general mathematics seems essential.” He could well have been sitting in on some of our curriculum and syllabus discussions today.

Twenty five years later, Dave Hartman was our president. The title of Dave’s speech was “Competition, Communication, Cooperation.” I’m thinking that his title would have been appropriate for any of the past several presidential addresses.

Dave’s discussion of competition was presented in the context of professionalism, that is, the tension between competition and competence. He said:

It is difficult to maintain high standards of competence without generally accepted standards of practice. We want those standards to apply to competitive circumstances in the future so that we can compete competently and fairly and so that the public will hold our profession in high regard.

He cited specifically the formation of the Actuarial Standards Board in July of 1988 as a great step towards advancing our professionalism.

Dave’s second theme was communication. He made the following statement with respect to actuarial work: “Being able to clearly and convincingly communicate our conclusions is most important.” Isn’t that still true today?

There is a common thread through all of these addresses. Each of these presidents cited the need for continued vigilance in maintaining our professionalism. We are fortunate that the American Academy of Actuaries is there to serve the public and represent the actuarial profession. And while the Academy is a separate organization, we are very strongly linked, both through the many CAS members who serve on committees and leadership at the Academy, but also through the work that the Academy does on behalf of the entire profession. The Academy is our voice, but each of our actions as actuaries play a large role in whether this voice will continue to be effective. All we need to do is look at some of the discussions that are going on at the National Association of Insurance Commissioners regarding qualified actuaries to know how important this is.

A second thing I would observe from the three addresses is that many of the challenges that we face today are not new. The “problem” Dr. Rubinow cited regarding developing a pricing structure for workers compensation is a challenge that faces many of us who work in pricing a new line of business.

Mr. Longley-Cook’s comments illustrate a challenge we face continually—how to ensure that our exams prepare our candidates to be casualty actuaries.

And Dave Hartman’s comments on communication skills ring true today.

You might say, well, we’ve done pretty well so far, let’s just keep doing things the way we have been. After all, we are starting our second 100 years from a great place. We provide the most comprehensive education for casualty actuaries in the world. Our continuing education offerings are unparalleled. Our research continues to focus on practical applications of emerging science.

I don’t think we can afford to just do things the same way.

For one thing, our structure doesn’t allow it. We always speak proudly of our volunteer culture, and we saw in this morning’s session how many of us are engaged in some way in the CAS. I believe our ability to achieve our long-term goals will depend on our ability to continue to engage our members. But I also think we need to engage them in different, smarter, and more efficient ways. We are all busy; our employers and clients demand a lot from us; we have numerous demands on our time; we need to make sure that our volunteer time is used effectively. For this reason Wayne Fisher is leading a CAS Board task force that is looking at our organizational structure to identify any organizational changes that may be necessary to achieve our strategic goals. I look forward to their recommendations.

But I believe we need to do more than just doing the same things more efficiently. As we go forward, we need to occasionally step outside of our comfort zone. We need to occasionally be prepared to stumble—not on major initiatives, but on some of the smaller steps along the way.

One area in which we have already stepped outside of our comfort zone is in our branding and marketing activities. Any of you who were present at the Spring meeting in Vancouver when we introduced our new logo will remember the buzz that filled the room. “Where did that come from? Why wasn’t I consulted? That’s not the way we do things!” Well guess what? We did it and I think it turned out ok.

Marketing is not something we have typically spent much time on. But the energy and enthusiasm that I have observed from those involved in our new marketing initiatives, starting with our University Engagement activities, tells me that we are on the right path.

Let’s take it further. Let’s consider alternative ways of educating future members (not as a means to water down the credential, but to recognize that options may exist to improve the process). Let’s continue to expand our delivery of continuing education on relevant and cutting-

edge topics, and in innovative ways that will reach audiences around the world. Let's push the edges of research, perhaps by creating stronger ties with academia, or working with professionals in other disciplines to develop practical tools for applying our science. Bring on our second 100 years!

I've heard the presidential year being described as a marathon. I guess I would have to ask Ralph Blanchard or Andy Kudera about that, since I am not a marathon runner. I can say that it has been an amazing trip.

And it is not a trip that I have traveled alone. While the president is front and center, the real heavy lifting is done by those he or she works with.

It is said every year, but it is no less true today, that our thanks need to go to those who really make this ship sail. The CAS Executive Council and the CAS staff work tirelessly, and in most cases seamlessly, in making sure that the things that need to get done get done. One example stands out. Hurricane Sandy had the audacity to make its landfall the first week of November last year, which, as many of you know, was Exam Week. While the situation was very fluid and uncertain, the CAS staff and leadership began making contingency plans the previous week as Sandy was traveling up the East Coast. Do we cancel or not? What if a student cannot make it? What if a proctor cannot make it? While there were many heroes in executing the contingency plans that weekend, I would note that the key CAS staff members spent the better part of the weekend in the office making sure that we knew and responded to the current status. And despite being personally in Sandy's path, Virginia Prevosto, vice-president-admissions made sure she kept up to speed. I think we owe the EC and CAS staff a strong round of applause for the work that they have done this past year.

The staff dedication and commitment wouldn't happen without strong leadership. We are so fortunate to have that leadership from Cynthia Ziegler. I spoke earlier about professionalism as it relates to our work. Cynthia is clearly a professional in leading, coaching and helping the staff do their work, as well being as a respected voice on the Executive Council. Thank you, Cynthia.

It is said that behind every successful man is a surprised wife. I can't say whether I have been successful or not, but I can say that I could not have made the trip year without the support of my wife of 39 years, Marianne. She has put up with travel schedules, phone calls at odd hours of the day or night, and the highs and lows that come from the challenges and successes of the position. Marianne has also kept me grounded. I came home from one university visit somewhat full of myself with the fact that a number of the actuarial students wanted to have their picture taken with me. Marianne said, "That's nice dear," (words that usually mean just the opposite) "but they did not want to have their picture taken with you—they wanted it taken with the CAS president, who just happens to be you." Thanks, dear.

Finally, thanks to all of you. Thank you for opportunity to serve. Thank you for the opportunity to meet many members and future members, and the opportunity to hear what you like, and what you don't like (and you are not shy in this regard). But most of all, thank you for the opportunity to reinforce my view of what a tremendous community we have in the CAS!