

ADDRESS TO NEW MEMBERS—NOVEMBER 13, 1989

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Good morning and congratulations to all of you. Thanks, Kevin for that kind introduction, even though it did sound a little like I'd been exhumed just for this occasion. I'd also like to thank Kevin for inviting me to speak to this, the largest group of Fellows and Associates ever to be welcomed into the Casualty Actuarial Society at one meeting. I think it's appropriate that this is occurring on the 75th birthday of our Society.

When we look at how many are in this group, I can't help but do some comparing. There were 97 charter members of the CAS who met right here in this hotel in 1914. Today we are honoring more than 170, over 100 of them new Associates. It's as if we're starting all over again. If this group spawns the same kinds of accomplishments as our founders, we have a bright future indeed.

As is the case with most speakers on occasions such as this, I'm going to say a lot of things you already know. But isn't that what actuaries usually deal with, things we already know? What we hope to do is organize things in a way that they give us some vision of the future.

One of the things we already knew that took the rest of the world just a little longer to find out is that we're number one, not just among the professions but of all jobs. We're number one! Quite an honor! And well deserved, I might add.

But just saying we're number one isn't very definitive. When I talk to actuarial candidates or students, and try to describe the value of the actuarial profession, I think back to what appealed to me when I first entertained the idea of becoming an actuary and those things that have been the sustaining attraction of the profession since.

First of all, you could make a living while studying to become a professional. That was quite an incentive for me. And long before there was a civil rights movement, the CAS made it clear what you had to do to become an actuary. It didn't make any difference what race you were, what color you were, or what religion you were. You didn't have to be male or female. Well, I guess you did need to be one or the other. And you didn't have to go to the "right" school or know somebody to get

ahead. All you had to do was pass the exams . . . and you have shown you can do that.

At the 50th anniversary celebration, Matt Rodermund presented a paper which pointed out the differences between a pure actuary and a lay actuary. This distinction said more than even he realized; it pointed out the wide range of opportunity to someone with actuarial training. This training is still the most versatile that can be found in insurance.

We can point with pride to CAS members who have become insurance commissioners, bureau heads, presidents, CEO's, and managers in a wide range of disciplines: data processing, finance, underwriting, audit, marketing and many others. All of these are examples of lay actuaries whose training was a stepping stone into management. But most actuaries don't want to be managers. That's where the pure actuary comes in. You can have a fulfilling, and I might add, lucrative career as an actuarial professional doing actuarial work.

Before going any farther, I'd like to say a few words just to the new Associates. Get your Fellowship! Become an F.C.A.S.

At this point in your career, it's very easy to look around and say to yourself "Why do I need to pass more exams?"

You can recite the reasons why you shouldn't:

- your work doesn't require more knowledge;
- you're really too busy to study;
- besides, your job is interesting (more interesting than studying);
- you have a great boss who would just as soon see you work more and study less;
- you've been getting regular promotions in a great organization, and you're well paid;
- you work with a really great bunch of people;

Those are petty good reasons to stop studying, aren't they? But let me tell you, times change. Companies change, bosses change, friends change, or more likely, leave. And, sometimes, worst of all, your job doesn't change. You wake up some morning and realize you're at a dead end, and you want a ticket out. That ticket is the professionalism which comes with Fellowship . . . I see some of my friends smiling who have been in that situation. Having their Fellowship allowed them career choices that would have been unavailable otherwise.

Jim Valvano, the much publicized N.C. State coach gives a very good talk on motivation, getting ahead, and succeeding. At the end of one of his lectures, someone asked him how he went about making sure his team was going to win. His reply was that nobody can do that, but what you can do is go through all the necessary training and preparation so that you put your team in a position to win. Then fate can decide the outcome.

So put yourself in a position to win. Get your Fellowship. *You'll never forgive yourself if you don't.*

So where are you at this point? You are now a member of the CAS which makes you an actuary, a professional. This gives you the opportunity to choose any kind of career you wish. As I said before, you can become an executive, a manager, a managing actuary, a consultant, or a pure research actuary. Your professionalism gives you countless opportunities.

But professionalism also brings with it responsibility. Now I'm not talking about what you often hear some long-time actuaries saying, "The profession has been good to me so I want to give something back to the profession." That is a worthwhile sentiment, and I think it would be wonderful if some or all of you would put in some time working for the CAS or elsewhere in the profession. But that's not what I mean.

I'm talking about the responsibility that comes with the mantle of professionalism that has now been draped over your shoulders. You studied actuarial science to pass the exams. Much of that science is contained in the CAS *Proceedings* and other actuarial literature. It would seem that all you have to do is apply what you've learned. After all, this is the 75th anniversary of the CAS, and how much could be left to discover or develop?

Early in my career, back in 1960, I got sidetracked into a data processing project to develop the first computer-communications system in the insurance business. As we approached the time to go on the air in 1964 with our gigantic computers ("gigantic" in those days meant a 64K memory), a young man who had just joined the project said to me, "gee, I wish I could have gotten into data processing early while there was still something new to be contributed."

Don't make the same mistake that young man made. We owe much of the work that has been done during our first 75 years, but we have just scratched the surface of actuarial science—especially casualty actuarial science. You should view yourselves as pioneers, entering the profession, not at the end or the middle but, at the beginning.

So the work that has gone before, the body of actuarial knowledge that has been developed is both a *gift and a legacy*. Now it becomes your responsibility. If that body of knowledge is deserving of your support, then apply it and defend it. Where it is lacking, it's up to you to improve or replace it. But it should never be taken for granted.

Somehow it just doesn't seem fair, does it? You've had your new actuarial designation for only 12 minutes, 42 seconds, and you've already been given the responsibility for 75 years worth of activity in the CAS.

That's not all! There are several other responsibilities that come with the actuarial mantle—the responsibility for the advancement of actuarial science. It's up to you to see to it that our science has substance. There are those who contend that what we do is an art, not a science. And we do have to be careful not to tie ourselves in knots with rigid rules which stifle actuarial innovation. At the same time, we can't let the desire for actuarial art lead us to actuarial anarchy.

Next, there's the responsibility for actuarial standards which must march hand-in-hand with the advancement of the science. Here we have no choice. If we don't see our own standards, someone will set them for us. But we must set them in a way that gives us actuarial freedom within a framework of sensible boundaries.

We also have the responsibility for communicating our knowledge in a way that it can be understood. Some of you may have read Stephen Hawking's book, *A Brief History of Time*, in which he tackles and attempts to explain, in simple terms, some of the most complex theories relating to the universe and the quest for a unified theory. But he concludes that even if the theory is discovered, it will do no good if it is only understood by a few scientists; it must be communicated so that it is "understandable in broad principle by everyone." That is our task and our responsibility, to communicate in such a way that the least knowledgeable of our audience understands what we mean.

Finally, there is the responsibility for actuarial integrity, which to me is the heart of professionalism. There are many directions your careers will take, positions in regulation, industry, consumerism, risk management, and many others. As you advance, you must remain keenly aware of when you're speaking as an actuary and when you're not. And you can never completely shed the responsibilities of professionalism when you're speaking in those areas where your training gives you that unique capability that designates you as an actuary.

With all of these responsibilities, you're probably beginning to wonder what you get out of being an actuary. To answer that, let's reminisce forward about your actuarial career. As you look back on these years that are ahead of you, you'll find that being an actuary really did put you in a position to win . . . A position to influence the outcome of your employment, a position to influence your industry, a position to influence your profession, and if you were willing to participate, a chance to be part of the rule setting process rather than the rule following process.

Look around you at those who are in this historic group of new Fellows and Associates. As the years go by they will form what I like to call an accumulation of actuarial acquaintances which will become the continuity in your life. Ultimately I think you will find, as I did, that being an actuary is not only a profession, it is a process of life enrichment.