

ADDRESS TO NEW MEMBERS—NOVEMBER 11, 1996

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Let me begin by thanking CAS President Albert J. Beer for inviting me to address this distinguished and large new group. There is a bit of nostalgia here, for this tradition of asking a past president to welcome the new Associates and Fellows to the CAS began when Al was Chairman (and it was Chairman, not Chairperson back then) of the Program Committee and I was the Vice President of Programs for the CAS. Tom Murrin was the guinea pig and it has worked out so well that we are almost out of past presidents. So, Tom, get ready for round two.

To the 85 new Associates and 104 new Fellows (with one overlap), it is my privilege and pleasure to congratulate you on this significant milestone and to welcome you to the CAS. And I congratulate the accompanying persons as well for their part in the process.

How can I best describe the functions the Casualty Actuarial Society performs? It conducts examinations, holds lots of meetings, and stimulates research. You are all now a part of this and there is a give and take to it. Simply put—the Fellows (including the new Fellows) *give* the exams; the candidates (and that includes the new Associates for a short while) *take* them. The three R's that we learned in elementary school are applicable here too—the *r*ithmetic is on the exams, all of us should be reading relevant papers to stay current, and a few of us will be *r*iting those papers. And, a select fewer will have the good fortune to be selected as award winners. I can only hope that several of you will experience the pride of being recognized in that way by your professional peers.

The CAS is run by volunteers and I urge you to become one of them. There was a time when the CAS was much smaller in size; when it had only one vice president, not five; when it conducted fewer exams (and ones that were not partitioned); and

when there was no Course on Professionalism. These and other changes occurred to enhance the organization, and the changes were made by the volunteers. My advice to you is don't watch the next series of changes happen—make them happen.

Your volunteer effort could come in the form of debt because we all owe the CAS, or it could come in the form of desire—the desire to keep on improving things for the next generation of actuaries. If the contribution comes from the latter source, you will feel a lot better for it.

I congratulate you on passing these difficult exams. It took hard work and brains to pass them, and as a result, you earned your initials—ACAS or FCAS. However, it is not your initials that employers will be buying—it is your mental and analytical prowess. It is analogous to professional sports teams who pay athletes for their physical skills, not for their trophies. The message is simple—physical skills and mental skills are items that are for sale in this world. But one thing that is not for sale is your character.

Your integrity cannot be bought. You should be paid to sign a loss reserve opinion, but not coerced to sign someone else's. I urge you to read the Code of Professional Conduct. It defines the boundaries of appropriate professional behavior. Study those boundaries, but not for the purpose of determining just how close you can get to them. I do look forward to getting to know all of you better in the coming years, but not in my role as Chairperson of the CAS Discipline Committee.

The seven to ten exams that you passed were rigorous, but not all-inclusive. You studied ratemaking and reserving and financial analysis as well as accounting, law, and insurance. You learned how to value an acquisition in financial terms; as the years pass, you will learn how to value mergers and acquisitions in human terms. Even if you never work for a company that is an acquirer or an acquiree, you will learn about process reengineering and all of its jargon like downsizing (rightsizing), strategic focus,

and my personal favorite, *paradigm*. You may think the actuarial exams were real life experiences, but more are yet to come.

The CAS was formed in 1914 and each generation helped prepare the next one. Soon we will be admitting our first 21st century actuaries into the CAS. They will ask you new Fellows and Associates whether you would still become an actuary if you had it to do over again. I asked that very question of five past presidents of the CAS at a ratemaking seminar panel last March, and four of five of them answered in the affirmative. I urge you to take your own poll by asking the blue badges here at this meeting, and I expect you will be pleased with the responses.

I am a fortunate actuary in that I have an authentic crystal ball in my office. If I may suggest to the accompanying persons, this may be a very appropriate gift to give to a Fellow for a special occasion. Actuaries are not fortune tellers, but once in a while, we make predictions. I turned to my crystal ball for two. The first has to do with time. All those hours studying for exams are now available to you. Whether they are taken up by work, by family and friends, or by the CAS is up to you. My prediction—in fact, my guarantee—is that with all that newly-found time, you still won't mow the lawn or whatever else the exams allowed you to escape.

My second prediction has to do with your careers. They will take diverse paths—many of you will stay within the property/casualty insurance industry that we actuaries have served so well for so long. Just as likely, there will be some of you who will travel the other road—who will apply your actuarial skills and your work ethic to industries different from the property/casualty industry. Both groups will be successful and I predict several CEOs from both groups.

I welcome you to the CAS, an organization of tradition and camaraderie. Your first opportunity to share in this might be the reception for new Fellows this evening when you can tell each other all of the actuary jokes you heard through the years. By

the way, the one about an actuary carrying a bomb on a plane is no longer in vogue. The team spirit will continue as you join committees, or serve on panels, or even hold reunions, as past presidents do once every five years at a dinner when they repeat bad jokes about actuaries.

The CAS Executive Council has its own camaraderie and its own coach—this year our Joe Torre is Al Beer. Even though he's had a great year, he's retiring. Bob Anker will be the coach for the 1997 season and Mavis Walters the year after that. I wish them luck. And, speaking of Joe Torre, as a boy who grew up in the Bronx I must comment that for most of the Fellows in this room (including Al Beer), this is the first time they can say as Fellows that the Yankees are world champs. I sincerely hope that next year's new Fellows do not have to wait very long to say it also.

Congratulations one last time! Enjoy yourselves at this meeting, your work throughout your careers, and your profession for the rest of your lives. And, to some of my teammates in this room, I look forward to having drinks with you in the Paradigm Room later today.