

PRESIDENTIAL ADDRESS—NOVEMBER 11, 1996

THE CAS LEGACY

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This aspect of the program is usually set aside to provide the outgoing CAS president with an opportunity to wax philosophic on those issues that he or she feels have long-term importance to the CAS. Realistically, however, I am sure it's a safe bet that very few in the audience today have emotionally vivid recollections of any prior presidential addresses. And, going way out on a limb, I will boldly predict that very few, if any, of you will someday have this presentation committed to memory.

Tempered by this expectation, I realize that the most I could ever hope to achieve today is to share with you my passion for our profession, thereby hopefully stimulating some thoughts and maybe, just maybe, even provoking some productive activity. An enormous feeling of accomplishment would come years from now, when these words were long forgotten, if one of you were to stop me in the hall or on an elevator at one of these meetings and tell me that I "made a difference."

I know that I am forever grateful to those actuaries who have made a difference in my career: Mike Fusco, Kevin Ryan, Tom Murrin, and Fred Kilbourne, who each showed me that inspirational leadership can easily accommodate a wonderful self-deprecating sense of humor. (Who can ever forget Fred's sage observation—"There are three kinds of actuaries: those that can count and those that can't.") Jim MacGinnitie, Chuck Bryan, Dave Hartman, Stan Khury, and Allan Kaufman—all of whom represent a tireless dedication to serving the profession, often at great personal sacrifice. Mary Hennessy, Mike Toothman, Mike Walters, and Dave Flynn—who showed me that the qualities of personal integrity and caring for people are not inversely related to financial success.

I have also learned that an important component in the formula for success is the ability to be humbled—which is why I am convinced that God gifted me with my dear son, Tommy. I distinctly remember one snowy morning when Tom was about twelve. When he asked for a ride to school, for some unknown reason I decided to playfully remind him that, “When Abraham Lincoln was your age, he walked seven miles through the snow to school.” Tommy quickly answered, “So what’s your point? When he was your age, he was President of the United States!” You’ve got to love kids.

Whichever qualities we personally identify as being worthy of emulating, these actuaries and hundreds of others have been inspirations to our profession and constitute what I refer to as...

#### *The CAS Legacy*

One of the easiest mistakes to make as a member of the actuarial profession is to take the prestige afforded to us for granted. I’ve had the good fortune of serving in a wide variety of roles, including pricing, reserving, underwriting, and management. There is little doubt in my mind that the FCAS is regarded as the most prestigious designation within the property/casualty insurance industry. Whether it be at our desks, a conference room, or a board room, our colleagues bestow upon us a special respect that is clearly unique to the actuarial profession.

Think back to some of your own experiences. How often have you perceived a noticeable reaction when either you or someone else present is introduced as an actuary? This intangible “presumption of intelligence” is an invaluable asset that is rarely bestowed elsewhere in the business environment and often grants one an initial level of credibility which would otherwise have to be earned over a prolonged period of time. Of course, I realize that this imputed credibility ultimately needs to be affirmed by a quality work product in order to be sustained. But the initial acceptance of one’s credentials can often make a significant

difference in the efficiency and, yes, even the success of any project, and the actuarial stereotype, as frustrating as it can be at times, often provides a perceptible advantage in the business environment.

When I share these thoughts about “imputed credibility,” I think back to one particular experience in my childhood that has had a strong influence on my choices in life. When I was growing up in Queens in the late ’50s and early ’60s, I was obsessed with playing professional baseball. One of the factors contributing to this passion was the fact that a major league baseball player actually lived on the next block. Unfortunately, he played on teams that were brutally inept and, every year of his career, the games he played in August and September were meaningless. I’ll never forget his demeanor during every World Series, year after year longing for the opportunity to play in important games and to be respected as a champion. Here was a person living every child’s dream, yet feeling unfulfilled because of the lack of quality of the organization with which he was associated. Although living in New York was an important factor, it was actually this appreciation of his continual frustration that caused me to coin a phrase at the age of seven that everyone who has ever worked with me in the business world will recognize as one of my constant refrains—“If I’m going to play, I’m going to play for the Yankees!”

I realize many of you would challenge the metaphor (Lord knows, there were many years in the ’70s and ’80s when even the Yankees were far from “Yankee-like”), but I think we all can relate to the concept of striving to be the best. Although working for second class organizations may help build character, give me a championship environment every time. I want to emphasize that my definition of “championship caliber” is not necessarily defined by financial success. I simply am suggesting that the desire to be respected for hard work, integrity, and quality of work product should be absolutely uncompromised in any endeavor, whether it be volunteer work or high finance. I’ve been fortunate

to have had the opportunity to work for “Yankee-class” employers and, even more importantly, to have been blessed with the ability to achieve membership in the CAS, a world-championship organization. By the way, I find it more than just a little ironic that I stand before you today concluding my year of presidency, a year in which the Yankees won the World Series . . . for the first time since the year I received my Associateship and was admitted as a member of the CAS.

Getting back to the key issue, it is obvious that the actuarial profession achieved such esteemed status through the effort and dedication of those who have gone before us. In this context, it is extremely important that we all recognize the huge debt of gratitude we owe our predecessors for crafting the foundation upon which our renowned profession rests. We are all obligated to continue this great tradition and should each be personally committed to enhancing the status of the actuary well into the future. We each share the significant responsibility of protecting and nurturing this gift of our CAS legacy.

### *Education*

Our mission statement affirms that the CAS is the learned body of the casualty actuarial profession. As such, it is our responsibility to continue to enhance actuarial knowledge through research and education. And never before in our history has knowledge been so valuable.

I recently came across some interesting work by the management consultant, Price Pritchett. In it he makes some fascinating observations regarding the way in which we, the global community, have viewed education. In an agrarian economy (for example, the U.S. pre-1850), education was generally provided by a school system that was largely supported by the family and/or the church. In this environment, most children received a somewhat informal education during the ages of seven to approximately fourteen, at which point they were deemed to be prepared for an entire lifetime of productive work. In the industrial economy, the

environment within which most of us grew up, education became the responsibility of society. (Remember Hillary Rodham Clinton's concept of the "village"?) The generally accepted norm to which we aspired was to expect schooling to run roughly from the ages of six to 22, with some "retooling" given infrequently during one's career(s).

Today, we have evolved out of the industrial age and have moved into the "information age." To support this point, consider the fact that 1991 marked the first year in history that more money was spent globally on computers and communication than on all construction, industrial, and farm equipment combined. And who can deny that today we have more computer-literate first graders than computer-literate first grade teachers.

This information era will force us all to be *perpetual* students. The idea of someday "finishing your education" has become obsolete as we begin to recognize that, in this world of accelerating change, a significant amount of the knowledge we work so hard to attain actually has a limited "shelf life." The usefulness of certain information in our service economy can diminish very quickly. Just think about the advances in technology that have occurred in our own life time. There is more computing power in most of today's hand calculators than existed in the entire world prior to 1945. Another interesting aspect of this revolution is the fact that a significant part of the responsibility for effective education has been transferred to the individual and the employer. In fact, employee learning is the fastest growing segment of education. Knowledge is power, not only for the individual, but also for the employer. The concept of a finite amount of schooling is being replaced by a continuous educational process that occurs on the job, at seminars, and in professional organizations, using interactive technology and a whole host of innovative learning tools.

This environment is both the greatest challenge and the greatest opportunity for the CAS. Our educational process has always been one that develops independent and continual value-added

learning, and our members are well prepared for the demands of new projects, cross-training, and career shifts. Unfortunately, adaptive skills are no longer enough to guarantee success in the economic environment in which we live. In just the past year, I have seen two articles written by highly trained actuaries who have been “re-engineered” out of their jobs. On the brighter side, the fact that they are both now gainfully employed highlights the real point of this issue—professional knowledge will continue to be one of the most valuable resources that a person can possess. And the CAS has established itself as the preeminent learned body of worldwide casualty actuarial education. However, it must be realized that this educational process should be continually refreshed and made current at an ever-increasing rate. In many ways, the CAS has a distinct advantage over many other professional organizations in that the educational processes that we have established do not require revolutionary changes to accommodate the information age. The need to provide knowledge that is useful and broad-based in its applicability will force us to constantly challenge the scope of our work, force us to develop ever-widening skill sets, and motivate us to apply our educational foundation to many more non-traditional areas, both inside and outside the insurance industry. The narrow perspective that we and many others have of our industry was driven home a few years ago when I solemnly gathered my family together to announce that I had left consulting to join the reinsurance industry. Kevin, my precious son who has been cursed with his father’s sense of humor, asked, “What’s reinsurance?” In my most pedagogical tone I explained that it was the insurance of insurance companies—to which he replied “Oh, I get it. Boring squared!”

In the latest issue of the *Actuarial Review*, I shared with you the story of the young child who was excitedly drawing trees with purple crayons. When the “educated” parent happened by and pointed out that trees were, in fact, green, the child meekly pointed outside to a magnificent maple tree, glowing purple in the late fall sunset. We are at one of the most exciting times

in the history of the actuarial profession and yet, perhaps, all we allow ourselves to see are “green trees.” As the next century quickly approaches, if we are going to carry on the CAS legacy, we must begin to allow ourselves to have “purple tree” thoughts. We must constantly strive to seek new ways to make our skills and knowledge valuable. As your career grows, think of ways to challenge yourself! Volunteer for projects that frighten you intellectually! Don’t always evaluate personal opportunities in light of short-term economics. And never, *ever*, stop learning!

This year as your president has been one of the most stimulating of my professional career, but I dread to think how much less effective it might have been if not for the support of the CAS office. I want to personally thank Alison, Jane, Jennifer, Mike, Paula, Tom, Todd—and Kathy Spicer who has had to put up with my perfectionist tendencies longer than the rest. In particular I want to single out Tim Tinsley who, in his own quietly professional way, has left an indelible mark of efficiency on the CAS. I know this isn’t his style, but I’d like to ask Tim to stand as we give him a warm round of applause to acknowledge his ongoing contribution to our organization.

I once read a *Harvard Business Review* article that pointed out that when a chief executive is gifted with a bright, energetic management team, the most effective management style that can be adopted is one of “Just keep the herd moving west!” Well, let me tell you, “This here cowboy ain’t no dummy!” My Executive Council—Sue, Paul, Mike, Pat, John, and Bob—were a pleasure to work with and are overwhelmingly responsible for the successes that were accomplished this year. Thank you all for your tireless support.

I’ve already regaled you with tales of my “sweet little boys,” but I want to especially thank my daughter Katie for giving up some serious quality time with Dad this year. Katie, I’m sorry if I missed helping you with some homework and came late to a game or two, but I couldn’t be any prouder of your success in school and the fact that I can (very objectively) declare you to

be one of the best sixth grade point guards and shortstops in the Northeast!

And finally, a word about my lovely wife, Mary. This year has been a difficult time to be married to me. (Come to think of it, given my personality, she could rightfully say that none of our 22 years together has exactly been a day at the beach!) But CAS activities, in addition to some intense travel and business commitments, have really taxed her patience and I want to say how much I appreciate her unending support and encouragement. It takes a very unusual person to be completely at ease in all circumstances, whether it's in an evening gown at a Wall Street celebration or in a Yankee tee shirt lying in bed with me at 11 o'clock watching Seinfeld reruns. There are not very many people who can carry on informed conversations, with equal aplomb, about both leveraged buyouts and the "Soup Nazi." I'm proud to be married to the greatest wife and mother on earth. And like most significant others, her contribution to the CAS is enormous—yet goes largely unrecognized. Please help me rectify that in some small way by acknowledging my wife, Mary. I love you, babe.

And so to my son, Tom, I say "No, I never will become President of the United States—but I did get the chance to serve as president of one of the most prestigious professional organizations in the world" and, for that privilege, I want to sincerely thank all of you. The challenge I leave you with today is simple—never stop trying to make a difference and always be ready to see the "purple trees."