

ADDRESS TO NEW MEMBERS—MAY 17, 1999

M. STANLEY HUGHEY

As a representative of the rather distant past, it is my privilege to welcome all the new Fellows and new Associates into membership in the Casualty Actuarial Society. At the same time I want to both compliment and congratulate each of you for reaching this very significant milestone in your career.

Some of us oldsters can still remember the hours upon hours of concentrated study, and the sacrifice of burning the midnight oil to build actuarial knowledge, rather than reading light novels or becoming a couch potato—and perhaps even more important, the sacrifice of quality time with your family, while you hit the actuarial books with the aim of long term benefit to that family.

Yes, this is a great and important milestone, and you are all to be congratulated on reaching it.

In fact, as a sort of turning point in your lives, this occasion takes on many of the characteristics of a graduation, and whether or not you appreciate it, I am in the position of being asked to make a sort of “Graduation Speech.” This is both good and bad. The bad part is that you have undoubtedly had your fill of graduation speeches, and can pretty well predict what I am going to say. But the good part is that if I don’t finish within 8 or so minutes from now, Steve Lehmann will open the trap door I’m standing on, banishing forever any remaining words of wisdom.

Many of you are parents, and a very wise source, “anonymous,” once said that parents should supply their children with two things—“roots” and “wings.” I’m going to adapt this to the goals of the CAS, as expressed in the CAS Mission Statement. As “roots,” the CAS is an organization designed “to establish and maintain standards of qualification for membership, to promote and maintain high standards of conduct and competence for the members, and to increase the awareness of actuarial science.”

As new Fellows and Associates, you have embraced these very meaningful words and goals as part of your lives, but by your acceptance into the CAS this morning, you have in turn been embraced by these same meaningful words and goals, as they make up the roots and goals of the Casualty Actuarial Society.

We will not spend a lot of time on history in these comments, but our actuarial roots include ratemaking, credibility theory, loss reserves, financial measurement, reinsurance, self-insurance and classification systems. Many actuarial principles have been established, tested and written into our standards. Others have not stood the test of time, and we have had to grow a new root structure.

To save you the trouble of looking it up, I became a Fellow in 1947, and served as President in 1974. That means that I have been around for 50+ years, and have been a witness to the forming of these roots, as well as the mushrooming membership—from about 200 in my early years to over 3,000 currently.

In 1989, I was privileged to summarize the CAS history up to that date. In that effort, I used a quote from Carl Hubbell, the great baseball pitcher from more years back than most of you remember. I am taking the liberty of repeating it here, because it so appropriately introduces the second part of my remarks—the “Wings” part of the “Roots and Wings” theme.

Quoting Carl Hubbell:

A fellow doesn't last long on what he has done. He's got to keep delivering as he goes along.

This is the challenge part of this graduation ceremony. Stated simply, you have your roots in the CAS, but you can't stop where you are, and you must forge ahead into new horizons.

Referring back to the CAS Mission Statement, the CAS is shouting at you to unlimber your wings and soar into the

unknown—in a disciplined way, of course. Referring now to “wings,” let me quote: “The purposes of the Casualty Actuarial Society are to advance the body of knowledge of actuarial science applied to property/casualty and similar business and financial risks.”

The challenge of the CAS to new Fellows and new Associates to “—keep delivering as you move along” is crystal clear.

Incidentally, I am delighted to be lifting these quotes about the CAS from the March 15, 1999 letter and supporting material Steve Lehmann sent to the CAS membership as a report on the organization’s Strategic Plan. So, these quotes are both authoritative and recent.

Further on the subject of new frontiers, and spreading your wings, is the program material for this meeting. Most of it looks forward and not back. Let me emphasize by listing some of the discussion subjects. Your Program Committee is obviously looking forward:

- European Union’s Impact
- Y2K Update
- Financial Markets
- Securitization of Risk
- Loss Portfolio Transfers
- Auto Insurance in the New Millennium
- Actuaries in Non-traditional Roles
- DFA in the Real World
- Emerging Financial Markets

Speaking from a 50-year vantage point, I’m impressed with the new subjects. Thirty, twenty, and even ten years ago, these subjects simply were not there.

Now in closing, I want to get around to the subject that I expect most of you have been wondering about since I first stood up here. “Why in the world would Stan wear a jacket like that for a serious business presentation?” Well, it was not an accident, and I want to use it to make a point. In business days in Chicago, I wore dark suits like everyone else, and today I would not wear this jacket to a business meeting in Chicago. (Or New York or Boston or Atlanta.)

But in case you hadn’t noticed, Florida is different—far more casual and far more colorful. And so, in your business careers, yes even as actuaries, you must learn to use your wings to adapt to new and different situations. Changes come, and we must lead or at least keep pace with any new solutions which are helpful in solving both old and new problems.

In summary, I would like to emphasize two kernels of wisdom from whatever store of knowledge I have accumulated over 50 years of experience:

Keep your roots deep in the CAS fundamentals.

Soar with the wings of new developments which provide better solutions.