

ADDRESS TO NEW MEMBERS—NOVEMBER 15, 1999

IT IS EASIER TO BECOME AN ACTUARY

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Heartiest congratulations—first to those accompanying persons who sacrificed and put up with so much while this morning's new Fellows and Associates struggled to reach this great day. All those who have been through it before you know and understand how difficult it is and of the appreciation you deserve. And, of course, a very warm welcome to you new Fellows and Associates on this milestone day. I hate to be the one that has to tell you this but—it is easier to become an actuary *than to be one*. More on that in a moment, but, as a corollary, learn to be good at accepting criticism, you'll get a lot of practice. The basic nature of our work is such that we must at times deliver messages that others do not want to hear; one of their defensive reactions is to blast the messenger. That does not change the quality of the message, however, so just be right in the first place, learn to accept criticism, and have faith in yourself.

When you entered the room this morning you stepped into an environment that was *created* for you. I am speaking in a broad sense of the environment of traditions, spirit, morals, ethics, and the knowledge base...all that has been built to create this Casualty Actuarial Society. You now stand on the shoulders of those who preceded you. What will you do with this opportunity? Thirty or forty years from now when you retire from active business pursuits, whether you like it or not, you will leave a legacy to those who follow—make it the best legacy you possibly can. You owe that to the CAS, you owe it to those who supported you on this path, but even more so, you owe it to yourself. Yes, it is easier to become an actuary than to be one.

You will have many successes over your actuarial career, so you must remind yourself that the greatest enemy of future progress is past success. We are all comfortable with things that

we know and understand. It's easy to *apply* a familiar tool to a new problem—much easier than analyzing the problem to see what tools would best apply and then designing a workable technique and carrying out the solution. Experience in a field makes you comfortable—you know the tool to use even before the problem is completely formulated. On the contrary, you must be willing to turn things on their head and look at them in a new light. You must strive to make change a partner, not an enemy; new input an accomplice, not a rival. And above all, you must force yourself to completely, carefully, thoroughly define the problem without jumping to the method of solution before you have a full grasp of the situation. The tools you have learned through the education process have brought you to today and will guide you through your early years as professionals. Be ready to discard them when improvements come along. Yes, *it is* far easier to become an actuary than to be one.

Forty-five years ago today I became a Fellow and the papers presented to the Annual Meeting of the CAS included two on *Workmen's* Compensation, two on health insurance, one on the Boiler and Machinery experience rating plan, and an elementary one on fire insurance ratemaking. Now look at the program for this meeting: securitization of catastrophe exposures, computer technology, complex models, financial services, discounted cash flow.

There is no secret about how we got from the papers of 45 years ago to the presentations of today—CHANGE. And the only way to cope with such dramatic change over the course of your actuarial career is continuing education and continuous adjustment to the new environment. You have to go to a museum today to see a punched card, which was the standard for data processing in 1954. When you get back to the office, look around and you'll see the museum pieces of the future and they'll be in those museums before you retire. Just make sure your actuarial expertise is not at a 1999 level, because it is far easier to become an actuary than to be one.

Once upon a time...we knew that when the insurance policy said that, to be covered, a loss had to be “sudden and accidental” *meant* that the event had to be sudden and it had to be accidental. Of course that is no longer true today. Once upon a time...your product had to have caused the loss in order for you to be liable for damages. No longer; now you only need to be a member of a class that manufactured products something like the one deemed guilty and you are liable. And now...we have a challenge in the courts alleging that the normal operating costs of running an enterprise are covered under the property insurance policy when they involve the Y2K bug. Stay tuned for the outcome of that one.

You must be prepared for equally bizarre attempts to twist and distort the intent of insurance policies to provide funds for some worthwhile social purpose—“worthwhile” that is for others but life-threatening for our industry. Over the course of your careers don’t be surprised to encounter something as strange as this: a tornado has struck a devastating blow to a major city and *heavily damaged* a large residential area...70% of the homes in this area have been flattened but 30% have escaped damage. The insurance industry is ordered to pay up the face amount of all fire and homeowners policies within an area described by the authorities and approved by the court. No, it makes no difference whether your insured’s property was only partially damaged or not damaged at all; that was an act of God. The act of the courts is to mobilize the resources available and one of the handiest resources is the insurance companies’ funds. Impossible? Too far out? Maybe so, but then there was a time when we thought we knew what sudden and accidental meant, and a time when we thought we were covering the liability of a manufacturer for damage done by *his* product, and a time...and a time...and a...well, maybe it’s not so impossible after all.

Yes, it is far, far easier to become an actuary than to be one. But then, that’s why we have actuaries like you in the CAS. Your median age is 31. You will be in the forefront at the 2014 cele-

bration of the 100th anniversary of the founding of the Casualty Actuarial Society. You're young, bright, responsible individuals, ready to challenge the world and proud to be members of the Casualty Actuarial Society. Keep your pride of today throughout your entire career. Always remember, there are two broad groups of actuaries—casualty and non-casualty.

You are the last CAS graduating class of the 20th century—but let's keep it in perspective—50 years and 50 days from today, you will still be actuaries but you will be closer to the start of the 22nd century than you will be to the year 2000. Good luck. Now that you've done the easier part and *become* an actuary, get out there and do the rest of the job—*be* one. I'll be watching you because, in some small way, you're my class of '99.