

## Sholom Feldblum

A.C.A.S. – November/1986

F.C.A.S. - November/1987

Education BA, Harvard University, 1974 –1978  
Lady Davis Visiting Fellow, Hebrew University, Jerusalem, 1978 – 1980

Current Employment Vice President, Corporate Actuarial, Liberty Mutual Insurance Group

CAS Activities and Publications (please include years on committees, for positions, etc.)

- ! Education and Testing Methods Task Force (November 1988 – November 1990)
- ! President, Casualty Actuaries of the Bay Area (1988 – 1989)
- ! Editor, CABA Newsletter (1988 – 1989)
- ! Committee on Review of Papers (November 1990 – October 1995)
- ! Actuarial Review, Associate Editor (1991 – 1993)
- ! Syllabus Committee (November 1989 – September 1998)
- ! Task Force on Fundamental Principles (November 1992 – November 1993)
- ! Committee on Valuation and Financial Analysis (July 1993 – November 1998)
- ! Committee on Principles (November 1993 – November 1994)
- ! Board of Directors (November 1997 – October 1999)
- ! Instructor, Advanced Dynamic Financial Analysis Seminar (1999, 2000, 2003)
- ! Exams 3 and 4 Contingency Task Force (December 2000 – May 2001)
- ! Thirty five presentations at CAS seminars, regional affiliates, and general conventions
- ! Eighty five actuarial/insurance monographs, papers, discussions, and reviews (including three new papers: “The Minimum Bias Procedure: A Practitioner’s Guide” (*PCAS*, forthcoming); “The Stanard-Buhlman Reserving Method: A Practitioner’s Guide” (*PCAS*, forthcoming); “Financial Models for Property-Casualty Insurance Products (series), with Neeza Thandi, Doris Schirmacher, and Ernesto Schirmacher (2003)

Other Actuarial Organizations (please list activities, positions and years)

- ! Vice President, Northern California section of the Society of CPCU (1987 – 1989)
- ! AAA Task Force on Risk-Based Capital (1991 – 1996)
- ! AAA Task Force on Fair Valuation of Liabilities (1992 – 1993)
- ! SOA Specialty Guide Task Force on Asset Liability Management (1997–1999; 2002–present)
- ! SOA Education Committee, Advanced Investment and Finance Theory (2000 – 2002)
- ! Associate Editor, NAIC Journal of Insurance Regulation, (1998 – present)

Other Professional Designations

- ! FSA (Society of Actuaries), May 1999
- ! CPCU (Chartered Property/Casualty Underwriter), September 1985
- ! MAAA (American Academy of Actuaries), 1987
- ! CFA (Chartered Financial Analyst), August 2002
- ! AIM (Associate in Management), December 2003
- ! Associate in Commercial Underwriting (AU), April 2003

## **Sholom Feldblum**

### **Additional Biographical Information**

#### Employment History (complete, abridged or recapped)

Liberty Mutual Insurance Group (1989 – present): Vice President, Corporate Actuarial. Responsible for (a) capital allocation by company, country, line of business, SBU, and product type; (b) financial pricing models for long-tailed commercial liability lines of business; and (c) economic value added (EVA) performance measurement system.

Actuary, Allstate Research and Planning Center (1987 – 1989): Developed risk classification and pricing tools for private passenger automobile insurance, with emphasis on lifetime profitability, persistency patterns, and cross-line marketing. Worked with Stanford University economists on insurance industry underwriting cycles, with emphasis on competitive pricing techniques.

#### Membership and Activities in Other Organizations (professional and industry)

FSA (1999); current committee work: (a) SOA Education Committee, Advanced Investment & Finance Theory (2000 – present); (b) SOA Specialty Guide Task Force on Asset Liability Management (1997 – 1999, 2002 – present). My objective is to bring to casualty actuaries the wealth of actuarial and financial work in life and health insurance but maintain the independence and vitality of the CAS as a professional society.

Received CPCU designation in 1986. Served as Vice President of Bay Area Chapter of CPCU; taught CPCU classes at North-Eastern University. Excellent background for current management responsibilities at a large multi-line insurer.

CFA: completed examination requirements in June 2002. Important for future positioning of the CAS amid the professional societies dealing with risk management.

Civic Activities Chabad Society of Sharon (1989 – present)  
Columns on town life in the *Sharon Advocate* (town weekly)

#### Award and Recognitions

- ! 1998 Insurance Data Management prize paper
- ! 1988 CPCU Research Excellence Award
- ! 1993 CAS Michelbacher Prize (“Professional Ethics and the Actuary”)
- ! 1996 CAS Dynamic Financial Analysis Prize Paper (“The Financial Modeling of Property\_Casualty Insurance Companies”)
- ! 1997 CAS Dorweiler Prize (“Automobile Insurance Premiums: An Asset Share Pricing Approach for Property Casualty Insurance”)
- ! 2000 Institute of Actuaries Brian Hey Prize (“Underwriting Cycles and Business Strategies”)

#### Other Relevant Information

Sholom spends most of his free time raising a strong family and volunteering in religious and town activities in Sharon. He has been married for 21 years and has five children, ages 4 through 17, with whom he spends many hours each week on school work and extracurricular activities. Since coming to Massachusetts in 1989, he has been a member of his town’s Chabad Center, where he leads the Bible reading on Saturdays.

Election/Add Bio Sheet

## Sholom Feldblum

{Question: Why do you want to serve on the CAS Board of Directors?}

For the past fifteen years, I have contributed enormous time and energy to the maturing of the CAS as a highly-respected educational and research organization: serving on committees and task forces, writing material geared to practicing actuaries, and helping prepare the next generation of actuaries for our career.

I have served on over a dozen actuarial and industry committees, participating in joint tasks and contributing to their final products. My “point-counterpoint” columns in the *Actuarial Review*, my contributions to the *Proceedings* and the *CAS Forums*, my work for the Syllabus Committee, my contributions to the NAIC risk-based capital efforts, and my service on the CAS Board of Directors are good examples.

I have built a reputation for integrity, so that others regard me as an honest and impartial professional. The NAIC uses my papers on statutory accounting to train new financial examiners and asked me to co-edit their anthology on *Regulation and the Casualty Actuary*. I have been asked for assistance by the NAIC and the Federal Reserve Board on monitoring insurance company solvency.

The CAS and the SOA now vie with other finance professionals, such as CFA's, MBA's, and financial engineers, for the next generation of members. Whereas the SOA has lost much of its traditional fields of practice through automation and the declining interest in life insurance, the CAS has a rich and enviable future, as long as we attract and train new members.

The CAS has a remarkable history, and the unrelenting demand for casualty actuaries promise it a bright future. But success engenders the emergence of strong career competition. A few years ago, hundreds of new students each year sought entry into our society. Now there are only a few dozen CAS candidates passing our early exams, even as thousands of young professionals pursue other finance careers.

Our society officers are volunteers, and our volunteer efforts have been extraordinary. My suggestions to strengthen our society – open elections, re-assessment of our examination structure in light of the training needed for casualty actuaries, our increasingly international focus – have been endorsed by the Board. My peers on the Board and on the committees of our society are devoted actuaries, but sometimes they lack the time or the staff to solve our educational and organizational problems. I am committed to spending my energies for the next three years – the energies that have written eighty five papers and taught seventy seminars – in the service of our society, dealing with the manifold tasks that our society needs.

Leadership is not the uninspired performance of duties. Leadership is the vision to see what needs to be done, to lend one's hand to every task, and to persuade others of the importance of our goals. Election to the Board of Directors demands a passion for the CAS.

## **Sholom Feldblum: Issues**

*MEMBER PARTICIPATION:* We are a volunteer society, with an exceptionally talented membership. We must keep our leadership open to our members, by involving them in our deliberations and seeking their input for the issues facing us. The changes in the 2002 election process heralds our movement to a fully participatory society. Additional openness in our society deliberations would further encourage the participation of our members.

*INTERNATIONAL:* The Society of Actuaries has worked consistently over the past two decades to set up test centers throughout the world, particularly in Asia and in Latin America. The AIMR, which sponsors the CFA examinations, has been equally successful in developing a global presence.

We seek to be recognized as the premier property-casualty actuarial society. We must establish our reputation in foreign countries and set up the requisite educational and examination systems. We need alternative exams that foreign students can handle, as we have done for Canadian students. Our initial efforts should be an accounting exam for foreign students based on international accounting standards in place of U.S. statutory accounting.

*JOINT EXAMS:* In the year 2000, we joined our first four exams with the SOA. Unbeknown to our Board, the syllabus for the new exams was geared to the textbooks and course work in a few actuarial science programs, with emphasis on life actuarial science and theoretical survival models. Our students have found the texts almost impossible to master by self-study. Frustrated by the low pass ratios and syllabus material that is unrelated to their jobs, many of our young students have ceased taking the exams.

Even the subjects that are mainstays of casualty actuarial work, such as credibility theory and loss distributions, have been replaced by academic textbooks that have little relation to casualty work. We have decades of excellent research and publications, which we have discarded. Our Board has voiced its support for independent CAS exams, and we must develop syllabus material worthy of our society.

*PRACTICE AREAS:* The science of risk is pursued by several professional organizations; FSA actuaries, CFA charter-holders, MBA's, financial engineers, and casualty actuaries. To ensure our future, we must build coalitions with other organizations that pursue these areas, and we must write the needed educational material to train our new actuaries.

*CAREER COMPETITION:* College graduates seeking finance careers have many options. To ensure the attractiveness of the actuarial career, we must strengthen our syllabus to eliminate the extraneous material and to strengthen the core material. Our students need better training in less time, so that our profession becomes more competitive with other careers.

## **Sholom Feldblum**

**1. “How do you think casualty actuaries contribute value to commercial enterprises and other risk bearing entities? How can we most effectively increase the value of our contributions? What is the CAS role in accomplishing this increase?”**

Some actuaries contribute by performing the mathematical tasks that are required for insurance operations: ratemaking, reserving, pricing, and valuation. This value is great, since untrained personnel may take too optimistic a view of company returns.

At many companies (including Liberty Mutual, my employer), casualty actuaries often advance to management officers. The most successful actuaries combine their technical abilities with a broader expertise of insurance operations. We can help our members (especially our new Fellows) advance to top management roles by replacing out-of-date readings, highly technical readings, and unused readings on our syllabus with educational material that showing how actuarial skills may be applied to underwriting, marketing, investing, and other corporate activities.

**2. What is your view of Mutual Recognition?**

Mutual recognition would be of little concern were it not for statutory regulations on signing actuarial opinions. For company work, an employer should evaluate applicants for employment based on their past experience and training; mutual recognition might obscure useful information about applicants, though prudent employers can “look through” mutual recognition to the actual credentials.

If regulators restrict actuarial work, such as loss reserve opinions, to members of a national society, then mutual recognition if done well allows properly trained foreign actuaries to perform the same work. This is an issue for regulators and the actuarial societies that deal with regulation, such as the American Academy of Actuaries. The Academy should decide the qualifications needed for foreign actuaries to sign statements of opinion.

In practice, other societies have accepted mutual recognition. If we do not accept some form of mutual recognition, we may be perceived as haughty; this may do more harm to the CAS than a few foreign actuaries signing statements even if they are not as qualified as CAS actuaries.

In truth, this issue relates to American Academy standards for public actuarial work. If the Academy does not provide a suitable means of recognizing qualified foreign actuaries, we must adopt some form of mutual recognition.

**3. “What is your position on extending voting rights to Associates; what is the reasoning for your position?”**

Many Associates feel excluded from society activities simply because they have not passed one or two final exams. This hurts the CAS more than it hurts them, since we lose the value of their volunteer services. Most career associates have spent five to ten years working

through exams, and they may have twenty years of experience in actuarial work; it strengthens the CAS to include them in all our activities.

One objection to granting Associates voting rights is that they might misuse their voting powers to grant them entry as Fellows, perhaps by making the last two exams easier. Associates should be given voting rights with a longer experience period (such as eight or ten years) of actuarial work, thereby excluding most active students, and these voting rights should not apply to any issues associated with admission to the society.

**4. “What one topic would you like to add to the syllabus? And what would you drop to make room?”**

The most useful topic would be competitive pricing and strategy. Some of the older readings on the syllabus have a rating bureau orientation, but most actuaries work for private companies or for consulting firms aiding private companies. The pricing question is not “What rate does the formula give?” but “What rate will improve our profitability or market share?” The economic literature on pricing and business strategy has free market competition as its central theme, yet our syllabus has no readings on this topic.

To make room, we should eliminate the sections on loss contingencies that are not relevant to casualty work, and we should trim out-of-date readings from the rest of the syllabus.

**5. “What can the CAS do to improve the profitability of the Insurance industry? Would this also help prevent bankruptcies?”**

Actuaries damage our industry when companies under-price their products because of actuarial ineptitude. (If a company intentionally cuts rates too low, there is not much we can do.) We must ensure that our members are trained in real-world pricing, not theoretical but unused pricing methods or old pricing methods that have been abandoned.

**6. “Regarding the recent debate over mutual recognition; Don Mango recently posted on Casnet that if one doesn’t accept the CAS’s Big Audacious Goal, then mutual recognition is probably secondary.**

- a) **Do you support the Big Audacious Goals (BAG)?**
- b) **Do you think the CAS membership should be given a chance to say whether or not we agree with the BAG?**
- c) **If the membership were to vote the BAG down, do you think the CAS should still proceed with Mutual Recognition?”**

a) Yes, though I wish a more modest name were given to these goals. They may be audacious; but by saying that our goals are audacious, we seem either arrogant or naïve.

b) Yes; just as a performance goal is more effective if the employee helps determine the goal, so a society goal is more effective if our membership helps determine the goal.

c) If the membership vote down BAG, one may assume that the Board’s action are not consistent with members’ desires; mutual recognition should be re-evaluated.

**7. “The CAS has set up this forum in a non-interactive fashion: First the membership has a period of time to submit questions, and then the candidates get to give answers to**

**those questions. There will be (apparently) no opportunity for the membership to ask follow-up questions, or to ask for clarification of answers, or to point out inconsistencies in the response from candidates. Neither will there be (apparently), an opportunity for the candidates to respond to other candidates' responses.**

**Would you support having a more freewheeling format to ask the candidates, such as a Casnet-type mailing list?**

Some actuaries would prefer the freewheeling format; most actuaries would probably be annoyed by the implicit (and continual) campaigning in such a forum. Our priorities should be to open more of the election process, especially for president elect and perhaps some of the vice president positions, not to make the election process become an annoyance.