

## Pause and Record

**A**S A FLEDGLING WRITER for a life insurance association publication back in the mid-1980s, I attended a life insurance industry seminar at the Carlyle Hotel in New York City. Though the exact topic of the seminar escapes me now, I do recall that the executives on the dais that day were decidedly defensive about inquiries from the press.

It wasn't a happy time for the insurance business. Financial writer Andrew Tobias was calling insurance companies "the invisible bankers" because of the opacity of their practices and the ubiquity of their reach. Then-*Washington Post* investigative reporter Ronald Kessler was chronicling the excesses of the industry in an unflattering exposé called *The Life Insurance Game*. And A.L. Williams' "termites" were preaching disintermediation as gospel to millions of disenchanted and faithless policyholders.

Several of the rating agencies were also doing some serious downgrading of major insurance companies' portfolios due to an over-reliance on junk bonds. The upshot was a series of high-profile insolvencies (Mutual Benefit Life, Confederation Life, Executive Life) a few years later.

So I guess it's not surprising that those executives might have been exhibiting a "circle the wagons" kind of attitude in the face of probing questions.

But there was one in particular, I remember, who broke the circle somewhat. He was a vice president of a major New York life insurer and may very well have been an actuary.

He admitted that, yes, the inner workings of life insurance companies can often be arcane, and the companies themselves haven't exactly been stellar at explaining things to outsiders. Until now, he said, the industry has always perceived that as a good thing. People tend not to pay a lot of attention to stuff they don't understand, which enabled insurance companies to fly underneath the radar for a long time. Now, he acknowledged, those days seem to be over. Maybe the industry needs to work a little harder at being

not just understood, but also understandable.

Whether insurance industry efforts toward that end have succeeded is debatable. But the same kind of dilemma is beginning to develop for actuaries. Tom Bakos ("The Impressions We Make") makes the case that actuaries' work doesn't happen in a vacuum, that they're accountable to more than just the people who pay them. And Joanna Ossinger ("The Reality of Perception"), on the legislative front lines at the state level, reports an alarming uneasiness among regulators about how actuaries do their work.

It's possible that the success of the Academy's campaign to make actuaries higher profile players in public policy has had something to do with that. No doubt it's always been a comfort (and not untrue) to be able to retreat behind the "nobody could possibly understand what I do" defense when confronted.

But actuaries themselves are beginning to understand that being on the radar screen also makes them a tempting target of legislators, regulators, and journalists—not to mention attorneys. And rather than resort to evasive action, the right response is to hold still, to make oneself more transparent. In addition to raising their profile and asserting their importance, actuaries are going to have to come up with new and creative ways of demystifying what they do.

It's a tall order. Because to most of us, what actuaries do is as mystifying as the programming instructions on a VCR. But we laypeople can learn. We don't need to be able to pass the exams or sign off on a policy illustration. We just need to know what buttons to push so we don't have to miss our favorite shows. ●



EDITOR

## Contingencies

Volume 15 / Number 4 PUBLISHED BY THE AMERICAN ACADEMY OF ACTUARIES

### PRESIDENT

Barbara J. Lautzenheiser

### EXECUTIVE DIRECTOR

Richard C. Lawson

### EDITOR AND ASSISTANT DIRECTOR FOR PUBLICATIONS

Steven Sullivan

### PRODUCTION MANAGER

Becky Horst

### ADVERTISING

Mohanna & Associates

### DEPARTMENT EDITORS

Thomas L. Bakos

Sam Gutterman

Noam Segal

Richard T. Zatorski

### PUBLICATION DESIGN & PRODUCTION

BonoTom Studio, Inc.

### EDITORIAL ADVISORY BOARD

Julia T. Philips, *Chair*

Dwight K. Bartlett III

Frederick W. Kilbourne

Barbara J. Lautzenheiser

Bruce D. Schobel

Susan E. Witcraft

### INTERNET ADDRESS

[www.contingencies.org](http://www.contingencies.org)

*Contingencies* (ISSN 1048-9851) is published bimonthly by the American Academy of Actuaries, 1100 Seventeenth Street, NW, Seventh Floor, Washington, DC 20036. For subscription information and customer service, contact the *Contingencies* Subscription Department at the address above or (202) 223-8196. Advertising offices: Mohanna & Associates, Inc., (972) 596-8777, [dawnette@mohanna.com](mailto:dawnette@mohanna.com). Periodicals postage paid at Washington, DC, and at additional mailing offices. BPA circulation audited. (Basic annual subscription rate is included in dues. Nonmember rate is \$24.)

Copyright 2003. All rights reserved. This magazine may not be reproduced in whole or in part without written permission of the publisher. Opinions expressed in signed articles are those of the authors and do not necessarily reflect official policy of the American Academy of Actuaries.

Postmaster: Please send change-of-address notices for *Contingencies* to Prima Fulfillment, P.O. Box 7225, Bensenville, IL 60106-7225.

