

With Interest

AS I WRITE THIS IN EARLY OCTOBER, sirens whoop and horns wail in the streets of Washington, D.C. Police-guided motorcades hurtle through intersections and past startled pedestrians. The reason? The annual fall meetings of the World Bank and the International Monetary Fund. Imminent protests have caused streets for blocks around the site to be closed, and the only way attendees can safely arrive is by motorcade.

It's not likely that actuaries' meetings will face the same obstacles anytime soon, but actuaries as a profession are drawing more fire from press and politicians than ever before. They're no longer as anonymous as they once were. According to Academy general counsel Lauren Bloom, fewer people are asking her the proverbial question, "What's an actuary?" Nor are they buying her standard answer, "A place where actors go to die," as anything but tongue-in-cheek.

Consequently, greater interest by the public has meant that actuaries have taken a greater interest in the public. More specifically, interest in what the public (or publics, as the case may be) thinks about actuaries and their work. And in this issue, actuaries take a look at what that interest involves, on both sides of the equation.

First, a cover story by Richard Foster, the beleaguered chief actuary for the Centers for Medicare and Medicaid Services, who felt compelled to go public with the truth, against the specific orders of his supervisor. Then an essay (second in a series) by Robert Wilcox, the new president of the American Academy of Actuaries, about how American actuaries view their relation to the public interest. It's a fortuitous confluence of theory and practice.

No matter how complex and public actuaries' ethical dilemmas become, they're not flying blind. Wilcox cites the Code of Professional Conduct as an actuary's first reference for determining where his and the public's interest intersect. And Foster says the Code was his first reference when confronting the real-life dilemma between what's legal and what he perceived as right.

Back in the late 1990s, actuaries were taken to task for not acting in the public interest when they designed cash balance conversions. Members of the business press portrayed actuaries as callous tools of big companies, selling out the beneficiaries to enrich their corporate employers.

What most critics neglected to address was that actuaries don't deal with a single public interest. Actuaries on both sides of the controversy could legitimately point to someone in whose interest they were acting. If a company can retain a pension program by converting to cash balance, rather than terminating it altogether, clearly more people are benefited than just the company itself, even if a few are disadvantaged in the process.

Still, even when the issue is black and white, the choice is never easy, never painless. Professionals are often required to deliver bad news to their employers, and flirt with execution as a result. But any professional worth his or her salt has to be ready to deliver the bad news and take the consequences. That's why they get the big bucks.

As a non-actuary, I have to go along with Linden Cole (see Letters on Page 6) who says the public interest that really counts is the beneficiaries of all the financial security programs actuaries advise and manage. As Mr. Cole says, there are lots of people looking out for the interests of corporations and financial institutions; the ones best equipped to look out for our (the beneficiaries) interests are the actuaries. They're the folks who know how to make sure the money will be there when we need it, and they know how to do that better than any corporate executive, even if he does pay their salary or consulting fee.

So if it comes down to a choice between their interests or ours, we hope the actuaries come down on ours.



EDITOR

Contingencies

Volume 16 / Number 6

PUBLISHED BY THE AMERICAN ACADEMY OF ACTUARIES

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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. 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.)

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

