

CRITICAL REVIEW OF THE US ACTUARIAL PROFESSION PROGRESS REPORT AS OF DECEMBER 15, 2005

The Critical Review of the U.S. Actuarial Profession (CRUSAP) was initiated in May 2005 by the Presidential Advisory Committee of the American Academy of Actuaries, consisting of Barbara Lautzenheiser, Peter Perkins, and Bob Wilcox, with help from Kevin Cronin, Academy Executive Director. The initiative was supported and funded by the Academy Board of Directors, which includes among others the President and President Elect of all five US-based actuarial organizations. The basic goal of the CRUSAP project was defined as: *Identify the actuarial needs of the public, determine whether they are being met and, if not, propose action to meet those needs.* Fred Kilbourne was named as chairperson of the CRUSAP Task Force – the body that would design and conduct the critical review and develop recommendations to the profession based on its analysis of the project’s findings.

During the summer of 2005, members of the task force were selected, representing diverse actuarial specializations and with distinguished careers in both the public and private sectors. Bob Collett, Guy King, Jim Rech and Terri Vaughan were named to the task force, joining chairperson Fred Kilbourne. To provide additional advice and counsel to the work of CRUSAP, the task force decided to establish a formal advisory panel. Selection of the CRUSAP Advisory Panel was a highly deliberative process, taking place over the summer and early fall of 2005. Thirty highly-regarded men and women were selected as advisory panel members – two-thirds of the group from the actuarial profession and one-third of the members, non-actuaries, whose professional backgrounds encompass banking, academic life, management of pensions funds and health care organizations, government relations and law. During this period, the task force also selected Dr. Mindy Reiser to serve as CRUSAP Project Manager.

The task force began the data collection phase of its work with a search of actuarial and related literature relevant to the scope of the project. Task force members met in Washington, DC to draft two important data collection instruments – one questionnaire for actuaries and a second questionnaire for non-actuaries. With the support of the staff of the American Academy of Actuaries, the task force developed Web-based versions of the two prototype questionnaires and undertook a pilot test of the two instruments. Questionnaire respondents provided valuable feedback to the task force on various facets of the questionnaires, and task force members -- with the assistance of the project manager and the Academy’s executive director -- revised the questionnaire in response to the constructive feedback they received. The final Web-based versions of the questionnaires were completed in mid-October.

The task force then initiated the third component of its data collection effort – conducting telephone interviews with selected questionnaire respondents with the purpose of exploring in greater depth their survey observations and recommendations. In the fall, task force members began in-depth telephone interviews with members of the CRUSAP

Advisory Panel, following up on their questionnaire responses. This process will continue until all Advisory Panel members are individually interviewed.

In November, the task force held three telephone conference calls, each with about one-third of the collective membership of its advisory panel. This was done to provide the opportunity for greater exchange of views among the task force and the 30-member advisory panel.

Outreach by the CRUSAP Task Force to the U.S. actuarial community began in July 2005 with an article describing the initiative in the American Academy of Actuaries' *Actuarial Update* and has continued throughout the summer and fall with articles focusing on CRUSAP in the Academy's monthly electronic newsletter, *Inside the Academy*, its bi-monthly magazine, *Contingencies*, as well as additional articles in the *Actuarial Update*.

In the fall, CRUSAP outreach efforts intensified with presentations on CRUSAP by members of the task force and advisory panel and/or distribution of information about the initiative at the fall meetings and related sessions of the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, the Society of Actuaries, and the American Academy of Actuaries. Outreach to other groups of actuaries also took place in the fall with a discussion led by the CRUSAP project manager at the Cincinnati Actuarial Club and a presentation at a CAS professionalism course held in Los Angeles.

Coincident with the final revision of the CRUSAP questionnaires in October, the task force launched the CRUSAP Web site—www.crusap.net. This was designed and developed by the Academy's communications department, and particularly by its managing editor and web developer. The site provides extensive information about CRUSAP and directly links to the two CRUSAP questionnaires. It also contains detailed information on the background of the project, brief biographical materials on members of the CRUSAP Task Force and Advisory Panel, and links to relevant literature and actuarial organizations.

In an effort to give the widest possible dissemination to the CRUSAP initiative, in late November, the Academy sent a "blast e-mail" to its entire membership informing them of the project and inviting them to complete the CRUSAP questionnaire. In December, Advisory Panel member Al Gross, Virginia Commissioner of Insurance wrote to his fellow insurance commissioners calling their attention to CRUSAP and inviting them to complete the questionnaire for non-actuaries.

Next Steps

During the winter months, the task force plans to undertake the following activities: continued outreach to actuarial and non-actuarial organizations as well as to individuals prominent in these organizations, along with continued data collection, compilation and initiation of data analysis. The task force intends to make a special effort to identify and

reach young actuaries, students of actuarial science, uncredentialed persons doing competent actuarial work and employers of actuaries. Continuing attention will be devoted to the literature search identifying written materials on issues relevant to CRUSAP. Interviews by both task force and advisory panel members will be conducted with actuaries and non-actuaries having diverse experience and perspectives on the actuarial profession.

In the spring, the task force will continue its data analysis, draw tentative conclusions and prepare and deliver a draft project report in May 2006. The draft report will reflect the analysis by the entire task force, aided in its efforts by counsel provided by the CRUSAP Advisory Panel. The task force plans to devote the late spring and summer of 2006 to extensive national consideration of the draft report, which will be disseminated via e-mail, and presented at meetings of national actuarial organizations as well as at regional and local actuarial clubs. The CRUSAP final report, to be completed by September 2006, will take into account the observations, suggestions and recommendations made during the profession-wide review of the task force's draft report.