



# Annual Report

**2015** YEAR IN REVIEW



**SOCIETY OF  
ACTUARIES**

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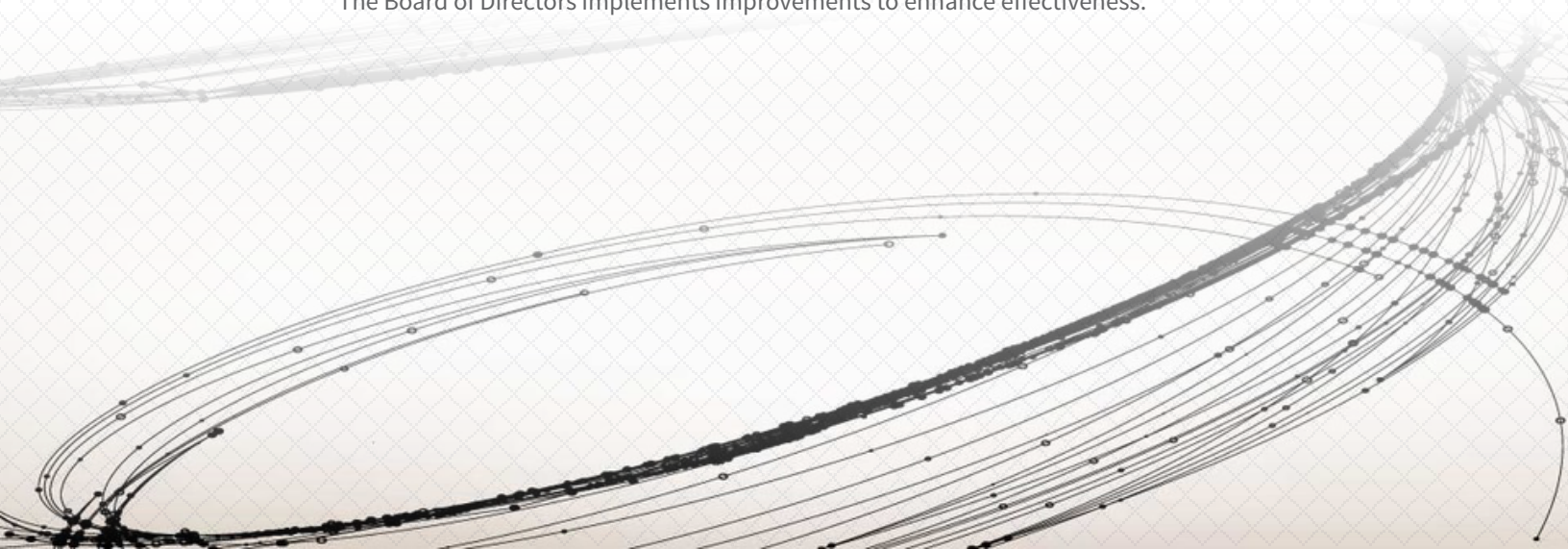
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# Achieving Priorities

by Errol Cramer, FSA, MAAA,  
2014–2015 SOA President

In 2015, I was often asked how much impact a president can really make in one year. Looking back, I can tell you the president has real authority to shape and drive the direction of the Society of Actuaries (SOA). A lot can be accomplished, and I'm proud of what we—and by that, I include the SOA Board of Directors, the SOA staff, 2015 President-Elect Craig Reynolds and the entire Leadership Team—achieved in 2015. Beginning my term, I set three core priorities.

The first was to **strengthen communications with members**. Members need to know what's going on and deserve to have their voices heard. Early in my term, I heard from a number of members who had questions and concerns about the SOA's priorities, its direction, and the reasons behind its strategic decisions.

To address this, we implemented *The SOA Listening Tour*. During these tours, selected board members and other SOA volunteers explain the SOA's strategic and operational initiatives, with contextual background, and then *listen* to what members have to say. The tour has been a tremendous success, reaching nearly 2,000 members in 2015. This effort continues in 2016, and I trust this will become a permanent program.

The Member Engagement Task Force evaluated how changing demographics and technology impact the way members choose to engage with the SOA. Their recommendations shape how we adopt new ways of communicating with members.

My second priority was to **strengthen and improve partner relations**. Actuaries have five U.S.-based actuarial organizations—not to mention those in other countries—which makes it inevitable that our missions and strategies will partially overlap and lead to competition. However, competition need not be adversarial. We collaborate wherever we can, and where we do compete, we do so in a manner that is professional and demonstrates respect for our partner organizations.

Through the work of our Relationship Task Force during the past 18 months, our board has held in-depth conversations with leaders of other actuarial organizations. This includes dialogue with the Canadian Institute of Actuaries, the Casualty Actuarial Society, the China Association of Actuaries, the U.K.'s Institute and Faculty of Actuaries and the International Actuarial Association. These discussions and other interactions led to many new areas of cooperation.



Photo: Joe Keum

SOA President Errol Cramer, FSA, MAAA, highlights accomplishments from 2015 in his address at the SOA Annual Meeting & Exhibit.

“The world and technology are increasingly more complex. As actuaries, we thrive on complexity, uncertainty and risk, and I hope you are as excited as I am about all these challenges and opportunities.”

My third priority was to **execute on key strategic and operational initiatives**. Much has been achieved here, especially in what I consider the two most important areas—predictive analytics and expansion of our research capabilities.

We need to increase the actuarial presence in the field of predictive analytics, an area vital to growing our value in the future. Our initial efforts are in the broad health care field. We create marketing partnerships to highlight the work of actuarial "pioneers" in this field. We also build student internship opportunities with employers in predictive analytics. We endeavor to introduce experienced actuaries into predictive analytics jobs with employers not traditionally associated with our field. We also launched a new Learning Strategy that could bring predictive analytics into our educational curriculum.

We committed new research funding to expand our body of actuarial knowledge in predictive analytics. I don't know whether predictive analytics will ever be a full-fledged actuarial specialty in its own right, but I am convinced that all actuaries will need these skill sets to remain competitive in the future.

Turning to expansion of our research capability, in 2015 we released an updated mortality

improvement scale to incorporate more recent data, and future updates will be provided annually. We released research that provides tools to assess the financial health of multiemployer plans, and we developed research capabilities on climate risk issues. Discussions were held with the Centers for Medicare and Medicaid Services and the U.S. Social Security Administration on data access proposals. We're nearing completion of an agreement with the University of California–Berkeley to support the extension and development of a multinational Human Mortality Database.

It's been great to see this important work completed, and there is so much more in store to advance the actuarial profession. The world and technology are increasingly more complex. As actuaries, we thrive on complexity, uncertainty and risk, and I hope you are as excited as I am about all these challenges and opportunities.

I want to thank you, the members, for the conversations and opportunities afforded me in 2015. I trust I served you well and that you feel your credentials were and are in good hands. It was an honor.

# Opening the Lines of Communication

The SOA knows that its members care about the SOA, its strategic direction and the future of the profession. To address that member interest, the SOA committed to several efforts in 2015 to improve the methods it uses to communicate with its members, finding more and better ways both to disseminate information on the organization's mission and initiatives and to elicit feedback about members' opinions and concerns. These opinions and concerns are collected and considered by the Strategic Planning Task Force to further refine the SOA mission and the 2017–2021 Strategic Plan. These efforts to expand the lines of communication are ongoing and continuously evolving.

## GETTING THE WORD OUT

Finding ways to let members know what is happening at the SOA and to engage them in conversations about its work was the main goal of the communications program. This program covered a wide range of

methods, from face-to-face meetings to email and social media.

## Hitting the Road

The Listening Tour program was designed to give members an opportunity to hear directly from SOA leaders about the organization's existing strategic plan and share their views about how the SOA can strengthen its efforts to serve the profession and its members. It also provided a way for members to engage with and become more involved in the SOA.

Board members participated in 43 events in 25 different cities with 2,000 members during 2015. The meetings were well received, and members brought up many concerns that became (or already were) a focus for SOA activities. Some of the most frequently raised issues were:

- ➔ Members want more information about the SOA's initiatives directly from SOA leaders.
- ➔ They want the U.S.-based actuarial organizations to work together professionally and respectfully for the good of the profession.
- ➔ They want the SOA to ensure that actuaries remain relevant and to promote the value of the profession and its credentials.

Craig W. Reynolds, FSA, MAAA, 2015 President-Elect, speaks at the Listening Tour.



Photo: RGA Global Marketing

## STRENGTHENING COMMUNICATIONS

Thanks to the success of these meetings and positive feedback from members, the Listening Tour program will continue in 2016.

### Telling It Straight

Another new program in 2015 was the Plain Talk letters that are emailed to all members. These letters allow the SOA president to communicate with members on a timely basis about important topical issues using candid language. The letters are sent out on an as-needed basis and have covered topics such as:

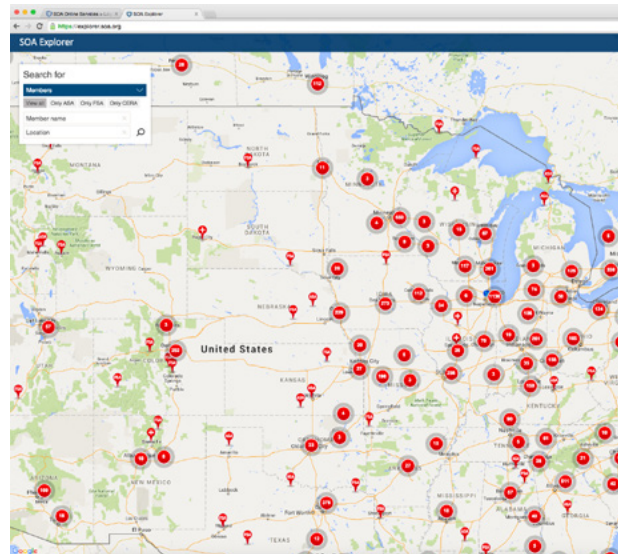
- ➔ [Updates to bylaws and the thinking behind them](#)
- ➔ [Progress of the Listening Tour](#)
- ➔ [Benefits of collaboration, cooperation and collegiality among actuarial organizations](#)

Members are encouraged to send questions and comments directly to the president, who responds to each member individually.

The president has been able to respond directly to members and discuss their concerns. These individual exchanges have indicated which topics may need clarification for the general membership. This program will also continue in 2016.

### Orienting the Map

SOA's online mapping tool, [SOA Explorer](#), was enhanced with new pins for Universities and Colleges with Actuarial Programs (UCAPs), along with schools having Validation by Educational Experience (VEE) approved courses. This new feature makes it easier for



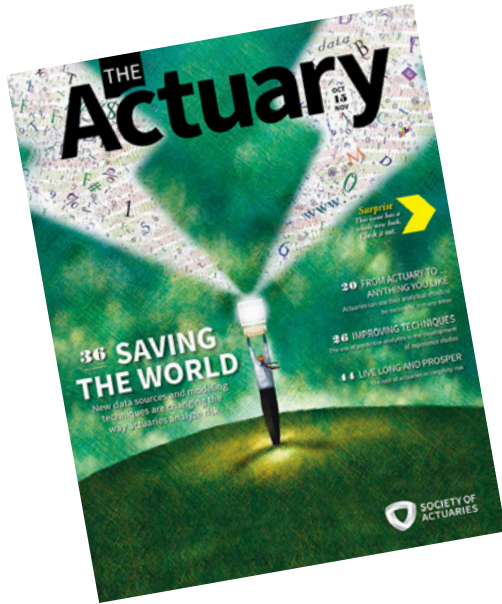
candidates to find schools with actuarial programs in their area. SOA Explorer also displays pins for actuarial clubs, so members can quickly locate ones nearby.

### Just for You

My SOA, the online portal for members and candidates, was redesigned with a personalized, dynamic interface and enhanced features. Section members can now view their section memberships and access their “members-only” sites from one convenient panel. Volunteers can view all their active and historical volunteer positions with the SOA and access private sites related to their volunteer involvement via another new panel.

Members and candidates can now interact with SOA's customer service team via online chat. This new feature helps lower language barriers by incorporating an automatic language translation function, allowing

## STRENGTHENING COMMUNICATIONS



those outside the United States to reach customer service without having to make costly phone calls.

In addition to these services, topical landing pages for Asia and Canada were launched on SOA.org. These tools help deliver content that's more relevant to those audiences and emphasizes the SOA's broader international focus. The job board was also reworked with a new interface that is compatible with smartphones, so members can search for new job opportunities more easily.

### A New Look

Publications were also reviewed, and the content and appearance of *The Actuary* magazine and the *SOA News Weekly* digital newsletter were updated. Both highlight current SOA news and initiatives, as well as providing links to web-exclusive content. The magazine's redesign in particular is an opportunity for the

SOA to establish a consistent identity and showcase its trusted reputation.

### TAKING RESPONSES TO HEART

Communication is vital, but so too is the use one makes of the information gathered through that communication. The SOA has no intention of being “all talk and no action,” initiating and stepping up many projects and activities in response to the feedback it received from its many exchanges with members.

### Planning for the Future

The current strategic plan will end in 2016, and the SOA is developing a new one for [2017–2021](#). The process is long, involving five key steps:

- 1 Gathering information—in 2015, the main topics identified were marketplace trends, existing actuarial skill sets, roles and opportunities for actuaries, and how all of this affects the SOA's work
- 2 Refining the mission and vision statements to reflect what we heard from members and other stakeholders
- 3 Determining what changes need to take place to achieve the new mission and vision
- 4 Disseminating a draft of the new strategic plan to key stakeholders—including members—for input
- 5 Finalizing a strategic plan incorporating what we've learned

The Strategic Planning Task Force is responsible for determining the most important trends and opportunities

## STRENGTHENING COMMUNICATIONS

for actuaries, as well as the profession's strengths and weaknesses. The task force completed much of the preliminary work of gathering information in 2015. This included asking for members' views in a series of [opinion polls](#) designed to help inform the SOA's planning efforts. [Results from these polls](#) are being considered as the SOA's current and future priorities are established and the draft of the new plan is prepared for member input in the summer of 2016.

### Building Bridges

Leaders continued work begun in 2014 to strengthen existing relationships with actuarial organizations and build new ones. Board members have held in-depth conversations with leaders of the Canadian Institute of Actuaries (CIA), the Casualty Actuarial Society (CAS), the China Association of Actuaries (CAA), the U.K.'s Institute and Faculty of Actuaries (IFoA) and the International Actuarial Association (IAA).

Several new initiatives have resulted from these interactions. They include establishing new research partnerships with the IFoA and CIA, cooperating with the IFoA to provide professional development programs in the Asian market, and signing a memorandum of understanding (MOU) launching joint

research and cultural exchange projects with the CAA.

### Staying Viable and Valuable

While the SOA continues to serve actuaries in traditional roles, many members are concerned about staying current in the ever-changing marketplace and seeing a declining appreciation for actuaries' unique skill set. The growth of interest in complex data and predictive analytics means that both the SOA and its members will need to reevaluate how existing actuarial skills can be applied, what new skills are needed and where opportunities exist in nontraditional roles for actuaries.

The SOA created the Cultivate Opportunities Team to focus on identifying new career paths, initially focusing on predictive analytics in health care. Market research staff gathered information on employers' recognition of actuaries and their value, as well as employers' needs regarding predictive analytics and the skills they look for. Education staff began reviewing curricula to determine what additional offerings might be needed to give both students and professionals the tools they need to be competitive.

These issues and initiatives are covered in more detail in other sections of this edition of the *Year in Review*.

Photo: Patrick Addy

SOA President Errol Cramer with Chen Dongsheng, President of the China Association of Actuaries (CAA), in June 2015





# Applying New Ideas

Along with education, research forms the backbone in serving SOA members and in helping advance the actuarial profession. The SOA's research reports and experience studies are used by a wide variety of stakeholders, from actuaries, insurers and businesses to government agencies and policymakers. These SOA research projects cover topics of national interest, including pension plans, retirement risks, patterns of health care insurance usage and severe weather impact on insurance, to name a few. Several of the projects are conducted jointly with other actuarial organizations or research partners, providing different perspectives and insights. There are also SOA research activities examining innovations within the actuarial profession, such as with predictive analytics in life and health fields. For example, the SOA completed a technical research study on [predictive analytics with life insurance lapse models](#) and hosted a seminar on [best practices in health studies](#). The SOA also published a collection of papers on [practical applications of big data and predictive analytics](#) for the actuarial profession.

## MAKING AN IMPACT

The SOA's research has helped inform policymakers, regulators and the general public on important matters. For instance, the SOA updated the U.S. private pension plan [mortality improvement scale](#)

in 2015, with results showing smaller improvements in longevity than those seen from previous data. Annual updates will continue to provide the most current data possible. Related work also began on a new mortality study for public employee pension plans, and a study was published to quantify the [financial stress caused by ongoing multiemployer plans' unfunded liability](#).

Another report discussed how to [close the gap between theory and practice in corporate pension risk management](#). Addressing another facet of pension plans, the SOA released a 2015 report that [updated projections of contribution requirements for the private sector](#), single-employer defined benefit system. [Retirement and pension benefits](#) were also discussed in a report that looked at the current approaches to providing financial advice as part of an employer-sponsored employee benefit.

Research on life insurance in 2015 includes papers on the [implications of changing interest rates for the industry](#), stress testing practices and ways for risk



R. Dale Hall, FSA, CERA, MAAA, managing director of Research, discusses SOA essays on predictive analytics.



## RESEARCH

managers to prepare for continued volatility in the marketplace. The SOA also completed work on the [2015 Valuation Basic Tables](#) (VBT) and related risk tables and the [2017 Commissioner's Standard Ordinary](#) (CSO) tables. Both include updates to male/female, smoker/nonsmoker and age-nearest birthday/age-last birthday categories.

Another area where ongoing data is being collected is post-catastrophe health care utilization. A growing study from the SOA focuses on [utilization of health care resources in Kansas following windstorms](#) (tornadoes). A 2015 analysis of the data collected so far revealed that, following a windstorm, emergency room visits, viral and fungal infections, and behavioral health treatment all increase. However, visits to the emergency room that do not require immediate action, and routine health visits, decline following a windstorm.

### **PARTNERING ON RESEARCH**

When developing its research, the SOA often partners with other organizations, including actuarial organizations, to share views and methods while strengthening relationships in turn. Some of these projects include:

➔ The Actuaries Climate Index project with the Casualty Actuarial Society (CAS), the Canadian Institute of

Actuaries (CIA) and the American Academy of Actuaries. The project goals are to create an objective index that measures severe weather and climate changes over recent decades and to inform the insurance industry and the public how these changes create more risk. Considerable work was done on this index in 2015, and it will be released in 2016.

➔ Publication of results from a research partnership with LIMRA on long-term care (LTC) insurance. The study examined recent experience data for LTC insurance mortality and persistency experience in the United States. The two organizations also completed a study to examine the retirement income system in China.

➔ A data partnership with the Kansas Department of Insurance that looks at the [use of health care services by those who enrolled in a federal health insurance exchange in 2014](#). The first in a series of reports providing the findings from this study was published in May 2015.

These are only a few of the collaborative projects that were begun or already underway in 2015. A more complete list is available at [Research-At-A-Glance](#) on [soa.org](#).

# We Never Stop Learning

The SOA knows that actuarial education typically begins during the college years and continues throughout a professional's career. Actuarial science and the global marketplace in which it is used are continually changing, which is why the SOA focuses on education-related activities—from examinations and e-Learning for candidates to professional development for members. The SOA established several exciting events and initiatives in the education arena in 2015.

## STARTING OFF ON THE RIGHT FOOT

What and how candidates learn in their university/college programs affects the rest of their careers. With this in mind, the SOA held its first Actuarial Teaching Conference in June 2015 to help promote quality actuarial education. Representatives from 57 institutions participated in the day-and-a-half-long event that brought together actuaries, employers and educators to share information and ideas. Sessions focused on a wide variety of topics, including:

- ➔ The current actuarial job market and the needs of employers
- ➔ Ways to help students prepare for the SOA exams
- ➔ Ways to incorporate computer languages into the actuarial classroom

- ➔ An overview of the Center of Actuarial Excellence (CAE) program
- ➔ Innovative ideas for actuarial programs and courses, such as business ethics and writing

The conference was very well received by participants, giving instructors the opportunity to learn from each other and professional actuaries. Plans are in progress to hold similar conferences biennially.



Photo: Esther Boston

Discussion at the first Actuarial Teaching Conference in June 2015

**8 YEARS:** AVERAGE TIME FROM FIRST EXAM ATTEMPT TO LAST EXAM PASSED FOR THE FSA

## EDUCATION

### LOOKING AT THE BIG PICTURE

The SOA continually tries to make sure its educational offerings are up-to-date with regard to the current marketplace so they are of value to candidates and professionals alike. This is especially important in light of an environment that is focusing more and more on predictive analytics.

In 2015, the SOA launched a new Learning Strategy comprising several initiatives to improve education at both the prequalification and the professional development levels. Here is a brief summary of a few of these initiatives:

- Review and enhance the ASA curriculum to ensure that it effectively prepares candidates for professional

responsibilities. With the current emphasis on predictive analysis, updates to courses, examinations and other educational elements will be needed.

- Improve the quality of assessment methods. For example, an examination to test participants' abilities with spreadsheets and formulas requires a computer-based environment rather than the traditional written-answer method. These approaches will be more thoroughly investigated.
- Expand and improve the predictive analytics curriculum for professional development.
- Establish a more effective framework for providing professional development in specific areas.

All of the initiatives form a multiyear project that will continue through 2018.

### KEEPING UP WITH THE REQUIREMENTS

It can be a challenge for SOA members to keep track of their Continuing Professional Development (CPD) credits to comply with the annual CPD requirement.

## EDUCATION

Therefore, the SOA CPD Tracker, which launched in April 2015, has been a time-saving convenience for many members. A free tool that was developed from a member submission to an SOA mobile app idea contest, the SOA CPD Tracker was designed *by* actuaries *for* actuaries worldwide.

Members can access the [SOA CPD Tracker](#) from their smartphone, tablet or web browser. They can follow their progress against multiple standards:

- ➔ SOA CPD Requirement (Section B)
- ➔ Joint Board (Enrolled Actuaries)
- ➔ U.S. Qualification Standards (General)
- ➔ U.S. Qualification Standards (Specific)
- ➔ CIA Qualification Standard

The login is integrated with the SOA's online services, and users can automatically import activities from orders placed with the SOA. The activity catalog

includes offerings from the SOA and other participating actuarial organizations. Actuaries can also use a crowdsourcing feature that allows them to submit an activity not already listed in the catalog. Once it has been reviewed and approved by SOA staff, that activity is added to the catalog so other users can add it to their lists. At SOA's major meetings, attendees can record CPD credits into the SOA CPD Tracker directly from the SOA Events App or by scanning QR codes with their smartphone.

In less than a year, actuaries had entered more than 23,000 CPD activities into the SOA CPD Tracker, and the numbers continue to grow. It is currently available for iPad, iPhone and Windows/Mac; plans are underway to develop an Android version.

### SOA CPD TRACKER STATS

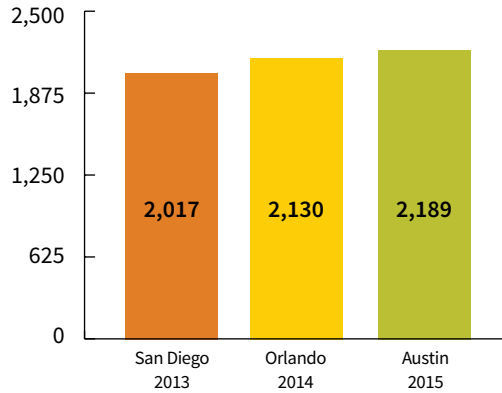
- 2,689** Number of members who have started using the SOA CPD Tracker
- 23,911** Number of CPD activities recorded
- 3,620** Number of non-SOA PD activities recorded (from 741 different providers/sponsors)
- 1,290** Number of mobile app downloads
- 2,667** Number of CPD activities listed in the catalog

Statistics as of December 31, 2015



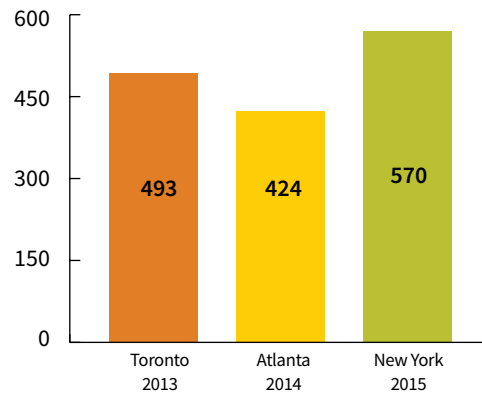
## EDUCATION

### SOA ANNUAL MEETING & EXHIBIT ATTENDANCE

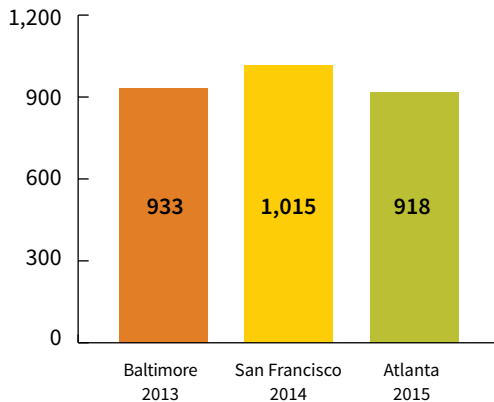


Please note that the attendance number includes all attendees (member, non-member, one-day attendees, presenters, exhibitors, staff, complimentary, etc.)

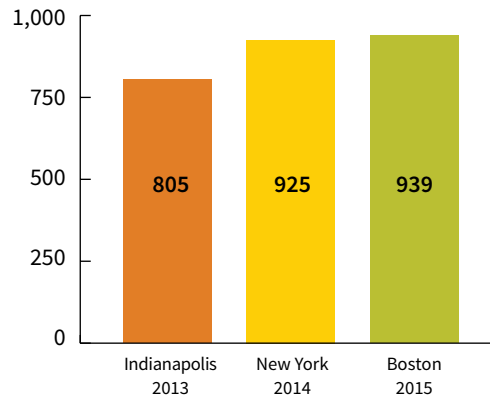
### LIFE AND ANNUITY SYMPOSIUM ATTENDANCE



### HEALTH MEETING ATTENDANCE



### VALUATION ACTUARY SYMPOSIUM ATTENDANCE



### NEW PROFESSIONAL DEVELOPMENT SEMINAR TOPICS IN 2015

Actuarial Skill Spectrum in a Global Convergent Trend Workshop  
*Shenzhen, China*

Current Topics on Actuarial Models with Dependence Structure Seminar  
*Hong Kong*

Best Actuarial Practices in Health Studies Seminar  
*Atlanta*

AG43 Seminar  
*Boston*

Economic Balance Sheet Seminar  
*Rosemont, Illinois*



# EDUCATION

## 2010–2015 MEMBERSHIP TOTALS

	2010	2011	2012	2013	2014	2015
<b>ASA</b>	<b>8,501</b>	<b>8,904</b>	<b>9,069</b>	<b>9,342</b>	<b>9,849</b>	<b>10,293</b>
<b>FSA</b>	<b>13,344</b>	<b>13,774</b>	<b>14,468</b>	<b>15,071</b>	<b>15,729</b>	<b>16,222</b>
<b>Total</b>	<b>21,845</b>	<b>22,678</b>	<b>23,537</b>	<b>24,413</b>	<b>25,578</b>	<b>26,515</b>

# Widening the Field

As part of the SOA's strategic efforts to maintain and grow the relevance and value of actuaries in the marketplace, the SOA's Cultivate Opportunities Team (COT), comprising members of the Board of Directors, began working on a multiyear initiative to develop opportunities for actuaries in several professional environments. During 2015, the COT followed a focused approach in three key areas:

- ➔ Expanding opportunities for actuaries in predictive analytics roles, with an initial focus on the health care field
- ➔ Piloting a summer actuarial student intern program with nontraditional employers of actuaries
- ➔ Evaluating opportunities for actuaries in risk management roles

## **PUSHING THE BOUNDARIES**

During 2015, the COT proposed a multiyear, multi-phase initiative in predictive analytics that would impact actuaries at all levels. The strategic direction, which was approved by the Board in June, touched on educational needs and opportunities; research that benefits the profession and the public; and publicity to members, candidates and employers promoting actuarial skills in the rapidly growing field of big data and analytics.

The recommendation was based on research the COT had conducted during the preceding year; results from this research indicated a clear opportunity for actuaries in predictive analytics. The findings indicated that although the demand for actuaries in this field is growing, they have a relatively low profile among employers, who prioritize other professionals for jobs in predictive analytics or data science. To better position actuaries for these roles, the COT recommended strategies related to education that address both candidates and members, bringing predictive analytics into prequalification courses and expanding the SOA's existing professional development curriculum, including the Advanced Business Analytics Seminar.

There was a strong push to highlight and publicize the value of actuaries in predictive analytics roles to members. The SOA website now includes a page that identifies and shares the [stories of actuaries who have pioneered the use of predictive analytics](#), and *The Actuary* also featured members at the forefront of this field.

With the advent of the Affordable Care Act, the risk traditionally shouldered solely by payers shifted to health care providers as well. The increased demand for experts in predictive analytics by payers, providers and other health care organizations made this field a perfect focus for the SOA's initial marketing



## CULTIVATING OPPORTUNITIES

communications campaign to expand opportunities for actuaries in predictive analytics. During 2015, the Board approved a marketing communications campaign, which will begin in 2016, designed to increase opportunities for actuaries in health care predictive analytics.

### GAINING VALUABLE RESEARCH THROUGH INTERNSHIPS

In 2015, the COT developed a summer actuarial student intern program that was piloted with two employers. The goals of this program were:

- ➔ To gain knowledge the SOA can use to determine how best to present actuarial skills to a variety of markets, and
- ➔ To expose employers to the knowledge and skill sets actuaries can bring to their organizations.

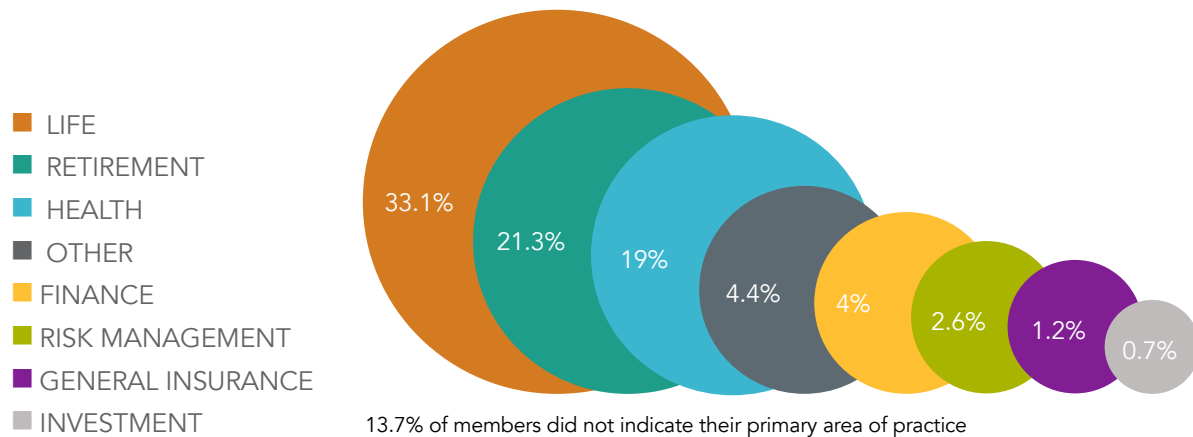
As the companies benefited directly from the knowledge and skills the interns had gained through their actuarial education and SOA preliminary examinations, they learned more about the education and training of actuaries. This allowed them the opportunity to appreciate the benefits to their organization of hiring actuaries at all levels and of supporting continuing actuarial education for those candidates and members.

In both cases, the participating companies indicated they would hire actuaries for future data analytics roles. Given the success of the 2015 program, the internship program will be expanded in 2016.

### TAKING RISKS

The COT also began initial work in assessing opportunities for actuaries in risk management positions. The SOA Board and its membership have acknowledged that an important role of the SOA is to cultivate opportunities for its members in what are considered relevant fields for actuaries. We envision this to be a long-term initiative to make significant progress, and the work of this subteam will continue in 2016.

### 2015 PRIMARY AREAS OF PRACTICE



It is important to ensure that our efforts are focused, that we show success in the initial target area of predictive analytics, and that we then model future expansion efforts on the learnings from these initial efforts.”

—Jim Trimble, FSA, CERA, Cultivate Opportunities Team Chair

# Growing Global

Part of the SOA's strategic plan is to foster, support and partner with the worldwide actuarial community. Although strides have been made toward this goal in past years, 2015 saw significant progress with an increased presence in Asia, exploration of the Latin American market and the hiring of new staff to promote the international strategy.

## OPENING ROADS TO THE EAST

In June, the SOA signed a memorandum of understanding (MOU) with the China Association of Actuaries (CAA) to find ways to work together to advance the actuarial profession. Implementation of these efforts began immediately. A series of monthly calls between the SOA and CAA research departments was also established.

The SOA's China Regional Committee was reconfigured into two separate groups: the China Committee and the Greater Asia Committee. The new China

Committee, which held its first meeting in Beijing in September, supports and strengthens the SOA's Chinese membership. The Greater Asia Committee will focus on the actuarial community—including members and candidates—in Hong Kong, Thailand, Taiwan, Indonesia, Malaysia, Singapore and South Korea.

SOA members took an active role in promoting face-to-face interaction with members and candidates in Asia throughout the year:

- In June, the 5<sup>th</sup> SOA Asia-Pacific Annual Symposium took place in Taipei, Taiwan, and the Listening Tour made a concurrent stop in the city.
- The SOA hosted a reception for members in Beijing in September. That same month, SOA leaders went to BeiHang University and the Central University of Finance and Economics in Beijing to talk to students and professors about the SOA, the actuarial profession and the increasing role of the SOA in Asia.

Photo: Patrick Addy



Representatives of the SOA and CAA at the signing of the memorandum of understanding (MOU)

## INTERNATIONAL DEVELOPMENT

➔ In November, the SOA was a Platinum sponsor of the 19<sup>th</sup> Asian Actuarial Conference in Bangkok, Thailand.

To facilitate online communications, the SOA developed a new Asian homepage for its website. The organization is also on WeChat, so members in China can keep up with SOA news on this platform.

### LOOKING INTO LATIN AMERICA

Members of the SOA's Latin America Working Group took fact-finding trips to four target countries—Argentina, Brazil, Chile and Colombia—to introduce the SOA to these countries and determine whether there is potential for the SOA to play a long-term role there. Although the organization is familiar to many businesspeople in Latin America, the Working Group gave presentations that provided details of the qualification path to SOA designations and extensive resources for education and research. The business

and regulatory environments of the four countries differ greatly, but the response in all cases was positive, and each country set up professional development and networking sessions while SOA members were there.

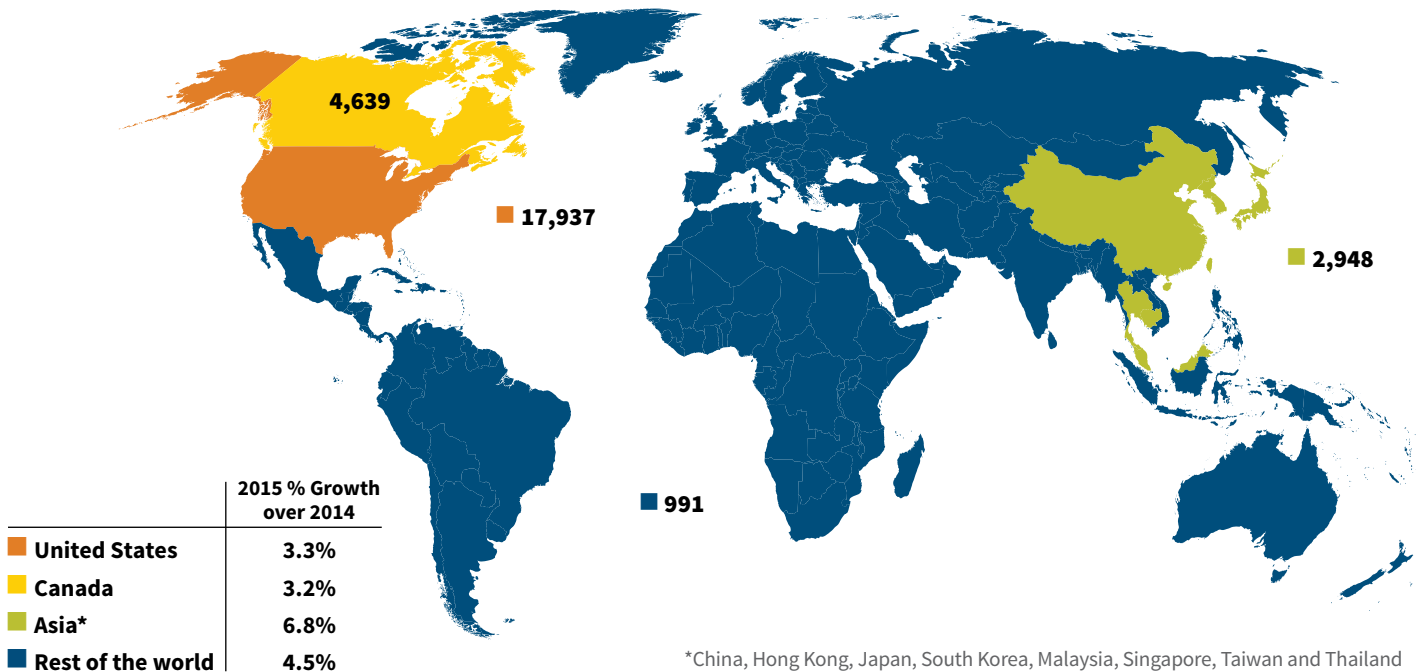
The next step in 2016 will be to develop a plan for promoting the SOA in Latin America. Strategies and measures of success will need to be drafted, as will a timeline for implementing the strategies.

### BRINGING IN NEW FACES

Growing its international presence meant that the SOA needed new staff to oversee this process. Ann Henstrand joined the SOA in April as its new Senior Director—International. As part of the SOA's senior staff Executive Team, she is responsible for coordinating the organization's international activities; working closely with SOA leaders, volunteers and staff to develop and execute the international strategy; communicating within the SOA and with its stakeholders about international activities;

### MEMBERS BY REGION

**26,515** TOTAL MEMBERSHIP COUNT FOR 2015



\*China, Hong Kong, Japan, South Korea, Malaysia, Singapore, Taiwan and Thailand

## INTERNATIONAL DEVELOPMENT

overseeing and managing its relationship with the International Actuarial Association; and managing SOA staff working around the globe.

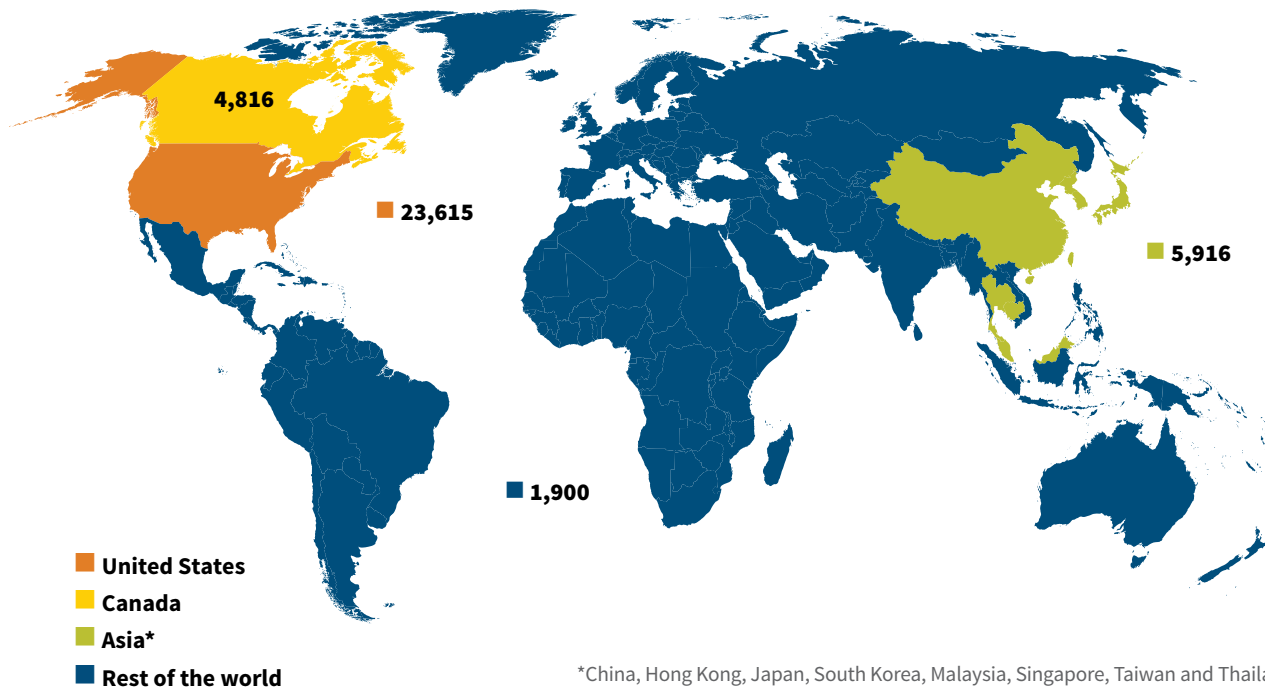
Realizing that it needed more real-time localized support for its members and candidates in China, the SOA hired a new staff fellow—Jessie Li, FSA—to be its China staff representative in late 2015. Based in Beijing, part of her new role is to plan and produce continuing professional education and networking

events in China. Working with SOA membership and staff, including the China Committee and Hong Kong staff, she will also serve as a resource and support for local candidates taking the SOA's actuarial exams.

All of these activities, in addition to many others, helped grow the SOA's international capabilities throughout 2015.

### CANDIDATES BY REGION

# 36,247

 CURRENT CANDIDATES FOR 2015

# 2014–2015 Financial Results

The SOA is a 501(c)(3) tax-exempt organization—a financial entity with revenues and costs that must be carefully managed to succeed in fulfilling its mission. In setting the annual budget, the overall goal is to provide resources for ongoing operations and strategic initiatives, while maintaining membership equity at acceptable levels.

The SOA has three principal revenue streams: member dues, examination fees and fees charged for professional development. Other sources of revenue include fees for experience studies and research, sponsorships, miscellaneous revenues and investment income.

The financial results, which exclude section activity, reflect an investment in the actuarial profession. The SOA seeks to provide significant value to members as well as the resources the organization needs to achieve its core goals and objectives for years to come.

The accompanying chart shows a comparison of the actual 2014 results, the Board-approved 2015 budget and the actual 2015 results.

Total revenues in 2014 and 2015 were \$49.6 million and \$50.7 million, respectively. The SOA 2015 financial results showed a management-basis decrease in net assets of \$149,000.

Membership equity is measured against the following year's expenses, standing at 81 percent at the end of 2014. The current membership equity position of \$41.5 million is 79 percent of the Board-approved 2016 budget. The target range of membership equity established by the Board is 50 to 100 percent.

Under the Board's leadership, the strength of the SOA's financial position will move strategic ideas forward and enhance our focus on the future of the profession.

## FINANCIALS

Revenues	(in 1,000s)
2014 Actual	\$49,592
2015 Budget	\$50,717
2015 Actual	\$50,656
2015 Revenue Details	(in 1,000s)
Examinations	\$27,870
Dues	\$12,449
Professional Development	\$6,783
Other	\$3,554
<b>Total</b>	<b>\$50,656</b>
Change in Net Assets	(in 1,000s)
2014 Actual	\$3,299
2015 Budget	\$290
2015 Actual	<\$149>
Membership Equity	(in 1,000s)
2014 Actual	\$41,672
2015 Budget	\$41,963
2015 Actual	\$41,523

# Enhancing Effectiveness

The Board of Directors and SOA members approved significant changes in the SOA's governance structure in 2015. These changes were based on research and recommendations from the Governance Task Force, established in 2014, and affect the Board in three ways:

- Composition
- Length of terms
- Responsibilities

The purpose of the changes was to restructure the Board to make it more efficient in serving all of its stakeholders, including members, candidates, other organizations and the public.

## **A NEW LOOK**

A major aim identified by the Board was reducing its size. Having 28 members made it difficult for everyone to have a voice in discussions and participate in strategic planning. Given that the boards of similar organizations average 16 to 18 members, the goal became a smaller Board that would retain its diversity and its



## GOVERNANCE

balance of newly elected and existing members.

With this goal in mind, the composition of the governing structure was changed by a member vote to eliminate the six vice president positions. The duties and authority of vice presidents are no different than those of other Board members, so the positions themselves are nonessential. Members voted to approve changes to the bylaws to eliminate these positions.

The penultimate past president position was also eliminated. The general practice in other associations is for a president to serve three years: as president-elect, president and past president. Because the duties of the penultimate past president may overlap those of the past president, the Board voted to do away with the former position.

### **CHANGING TIMES**

The elimination of positions means that Board members' terms will become more standardized. Although becoming a vice president resulted in a second Board term, it consisted of only two years instead of three. Now all Board members will serve for three years and may run for re-election to a second term. This will provide more continuity in strategic planning and leadership.

Since presidents will now serve for a total of three years instead of four, the time commitment involved will be less burdensome. This will make it possible for more members, especially those who are employed full time, to consider serving in this position.

### **SHIFTING COMMITMENTS**

In conjunction with the elimination of positions, responsibilities for all those involved in governance also need to be adjusted. To paraphrase the popular mantra, the goal is to “work smarter, not longer.” All Board members are involved in numerous committees, task forces and related activities. This involvement will be reviewed to see what tasks can be filled by non-Board volunteers. The historical knowledge and perspective of retired presidents can also be tapped, if needed, on an ad hoc basis.

All of these changes will be phased in, and the Board reduced by 10 members, over the next five years. For example, in 2015, the number of newly elected Board members was five instead of six. Those currently serving in the affected positions will carry out their terms, with the eliminations taking effect as each member's term of office ends.

# 2014–2015 Board of Directors



Errol Cramer  
FSA, MAAA

**PRESIDENT**

Errol Cramer, FSA, MAAA

**PRESIDENT-ELECT**

Craig W. Reynolds, FSA, MAAA



Craig W. Reynolds  
FSA, MAAA

**VICE PRESIDENTS**

R. Thomas Herget, FSA, CERA, MAAA

John O. Nigh, FSA, CERA, MAAA

Susan E. Pantely, FSA, MAAA

Susan R. Sames, FSA, MAAA

Jim Toole, FSA, CERA, MAAA

Darryl G. Wagner, FSA, MAAA



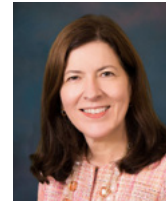
John O. Nigh  
FSA, CERA, MAAA



R. Thomas Herget  
FSA, CERA, MAAA

**SECRETARY/TREASURER**

Susan E. Pantely, FSA, MAAA



Susan R. Sames  
FSA, MAAA

**PAST PRESIDENTS**

Mark J. Freedman, FSA, MAAA

Tonya B. Manning, FSA, EA, FCA, MAAA



Susan E. Pantely  
FSA, MAAA



Jim Toole  
FSA, CERA, MAAA



Darryl G. Wagner  
FSA, MAAA



Mark J. Freedman  
FSA, MAAA



Tonya B. Manning  
FSA, EA, FCA, MAAA



## GOVERNANCE

### ELECTED BOARD MEMBERS



Rowen B. Bell  
FSA, MAAA



Jeremy J. Brown  
FSA, EA, MAAA



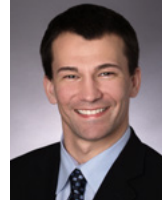
August C. Chow  
FSA, CERA, FCIA



Jim Doherty  
FSA, FCIA  
(Deceased)



Ian G. Duncan  
FSA, FCIA, FIA,  
MAAA



Andy Ferris  
FSA, MAAA



Sara Wiese  
Goldberg  
FSA, MAAA



Paula M. Hodges  
FSA, MAAA



R. Evan Inglis  
FSA, FCA,  
MAAA



Olga T. Jacobs  
FSA, MAAA



Ronald L. Klein  
FSA, MAAA



Jennifer L.  
McGinnis  
FSA, CERA,  
MAAA



Kory J. Olsen  
FSA, CERA, MAAA



John W. Robinson  
FSA, FCA,  
MAAA



David K.  
Sandberg  
FSA, CERA,  
MAAA



Sudha Shenoy  
FSA, CERA, MAAA



James E. Trimble  
FSA, CERA, MAAA



Genghui Wu  
FSA, FCIA, MAAA