



SOCIETY OF ACTUARIES

Article from:

International News

August 2009 – Issue Number 48

The New Forecasting and Futurism (F²) Professional Interest Section

In all countries, and in all practice areas, actuaries need to stay current with best practices in forecasting. To help actuaries accomplish this, the old Futurism Section has expanded its scope to include *all* forecasting practices applicable to actuarial work—not just futurism techniques. The new section is called the “Forecasting and Futurism Section,” or F².

The new Forecasting and Futurism Section helps us stay current, and facilitates our professional development, by providing information about—and training in—forecasting and futurism methods and tools, including:

- What the methods and tools are (including basic forecasting techniques, such as time-series exponential smoothing and Box Jenkins methods, as well as more advanced techniques such as Bayesian methods, agent based modeling, and futurism techniques, many of which are not on the SOA exam syllabus),
- When to use them and when not to (based on experiential evidence),
- How to use them (including practical examples of their use, and best practice guidelines), and
- How to present the results.

This change in the section mirrors what is happening in the field of applied forecasting: traditional futurism techniques are now being combined with traditional statistical methods and newer modeling techniques (like agent based modeling) to produce more powerful ways to explore the future.

Following are upcoming events and activities of the new Forecasting and Futurism Section:

- Absent for several years, the section’s newsletter returns this fall, with articles about how new

developments in forecasting relate to actuarial work, as well as a review of the work and significance of Nassim Nicholas Taleb, author of *The Black Swan*.

- There will be a special panel discussion session at the SOA Annual Meeting with Nassim Nicholas Taleb. Watch Annual Meeting announcements for details.
- Members of the F² Section are working with lead ERM actuaries from the United States, Germany, and Australia to forecast the impact of emerging international risks.
- A Web 2.0 feature will enable section members around the world to hold ongoing virtual discussions about areas of interest in forecasting and futurism, including relevant books, special forecasting and futurism methods, and application areas. □

We invite your inquiries about the Forecasting and Futurism Section and encourage you to join! **To join, please complete and send in this form:** www.soa.org/files/pdf/SOAMembershipForm.pdf.

Please contact Alan Mills (alan.mills@earthlink.net) or Ben Wolzenski (bwolzenski@rgare.com) with inquiries.

THE NEW SOCIAL INSURANCE AND PUBLIC FINANCE SECTION... A CROSS-DISCIPLINE, CROSS BORDER EFFORT

In discussing existing actuarial resources and ways to channel them to address critical social insurance and public finance issues, a group of “concerned actuaries” concluded there was an important gap in the actuarial arsenal. While the Academy of Actuaries works to address policy issues and the education of policymakers, the concerned actuaries see a need to educate the broader actuarial community on the challenges facing social insurance programs (and other public finance programs that beg for actuarial input).

SERVICE TO THE PUBLIC

In 2007, the major North American actuarial associations signed an agreement to operate in the public interest. They agreed that “It is important to identify, protect and advance the public interest in the work of our profession—its organizations and its members.” At the very core of a profession is the concept of “service to the public.” This new section gives the Society of Actuaries and the profession the platform for developing the research and professional education needed to address the ongoing fiscal and demographic challenges that we face in North America and around the world. It will enable the actuarial profession to address these important issues with the actuarial discipline that is so sorely needed.

MISSION

The purpose of this section is to develop consistent, high quality continuing education opportunities and to sponsor research into evaluating and managing social insurance programs, including pension plans, government funded health plans and unemployment insurance. The section will also address actuarially relevant aspects of public finance. The section’s work will cross disciplines, including enterprise risk management, health and pensions. The participation of academics will be encouraged. Although North American actuaries are the primary target membership, it is expected that the new section will appeal to actuaries outside of North America as well.

PROPOSED ACTIVITIES

The functions and activities of the new section will include but not be limited to:

- Developing opportunities for consistent, high quality continuing education on fiscal and other issues surrounding the measurement and management of risks associated with existing and developing social insurance and public finance programs.
- Sponsoring fundamental research in social insurance programs and their related finance to further develop the intellectual capital from an actuarial perspective.
- Transferring intellectual capital to the broader membership and the public via section publications, CE content, webcasts and other means.

- Working with established professional organizations such as the American Academy of Actuaries, the National Association of Social Insurance and others to share views and leverage resources.

COOPERATION WITH OTHER SOA SECTIONS

It is intended that the new social insurance and public finance section will complement, not diminish, the importance of membership in other SOA sections and committees. The Social Insurance and Public Finance Section realizes the only way to accomplish its substantial goals is to leverage resources both inside and outside the profession. We will continually look for ways in which we can complement the work of others while providing additional resources where needed.

THE IMMEDIATE FUTURE

The organizers of the new section believe it will advance the profession, extend its influence, create opportunities for actuaries and serve a broad range of stakeholders. We strive to bring the abilities of actuaries in multiple disciplines in multiple countries to the substantial social insurance and public finance issues that face us. The goal is to develop actuarial research and continuing education capabilities that are held in the same high regard by stakeholders as existing SOA programs for the private sector. All of us are impacted by social insurance programs and by many public finance programs. The better informed we are the better we can inform and improve policy decisions. For those of you who are not yet members of the section, we hope you will consider joining us. You can find out more about us by visiting the SOA Web site.

Clearly this is an important time for all of us to participate in the public dialogue. Better informed actuaries will lead to better policy decisions. The first council elections are coming and they will have an impact on the direction of the section. If you are already a member, thank you. We hope you will continue volunteering your time and energy. We are looking for writers, speakers and program ideas. Contact one of the section organizers if you'd like to be placed on the volunteer list. The organizers include Bart Clennon, Jeremy Gold, Fred Kilbourne, Mark Litow, Bob Shapiro, and Jim Toole.