The American Academy of Actuaries has established a presidential task force (hereinafter referred to as the Critical Review of the U.S. Actuarial Profession, or CRUSAP) to undertake a critical self-analysis of the U.S. actuarial profession. The charge to the CRUSAP is to identify risks and opportunities faced by the profession, analyze those risks, and develop recommendations for their management. The overriding criterion in the evaluation of risks and opportunities is to be the needs of the various publics for actuarial services and whether those needs are being met through the profession and its members.

CRUSAP will give early attention to identifying the actuarial needs of the public, whether or not those needs are currently being met, by actuaries or others. The needs of direct users of actuarial services, and of actuaries themselves, will also be identified and evaluated. In the event of conflict among these various needs, however, the charge to CRUSAP is to give attention to the risks and means associated with balancing those needs.

CRUSAP will use enterprise risk management (ERM) and management consulting techniques in conducting its work. Risks and opportunities (arguably opposing sides of the same coin) will be identified, quantified where feasible, and analyzed in the light of study criteria. The scope of the study will then be narrowed to address those risks and opportunities deemed to be both highly significant and susceptible to change. Study conclusions and recommendations will then be drawn and conveyed to those in a position to take action, should they choose to do so, to implement the study recommendations, and otherwise to manage the risks and opportunities faced by the actuarial profession.

CRUSAP will consist of the designated chairman, Fred Kilbourne, and four to six members appointed by the President’s Advisory Committee (PAC) who are both familiar with the
profession and ERM or management consulting techniques. In addition there will be a larger advisory panel (AP), also appointed by the PAC, which will include actuaries who practice in each of the major specialty areas, actuaries who are members of each of the major U.S. actuarial organizations, academics who are familiar with the actuarial profession, and non-actuaries who are recent or potential users of actuarial services. The members of the advisory panel will be chosen in their personal capacity as experts in a particular area or field rather than as representatives of any organization.

CRUSAP will also give early attention to defining the terms that are important to its study and report. An initial working definition of “actuarial services” will be “the identification and analysis of contingent events and their financial implications.” Similarly, an “actuary” is anyone who provides actuarial services. Further, the various “publics,” for the purpose of the study, comprise indirect users of actuarial services and direct users, such as the ones who receive and act upon actuarial reports and other manifestations of actuarial services. Consider, for example, the statement of actuarial opinion prepared by the appointed actuary of an insurance company. The direct users are the board of directors of the company, to whom the statement is addressed, and the regulator, to whom it is delivered. The indirect users are the stockholders of the company, the policyholders, and perhaps others (e.g., injured workers, if the company is a workers’ compensation carrier), including taxpayers and the general public, recognizing that the needs of various users are not consistent and may even conflict.

FIRST ASSIGNMENT
The first assignment of CRUSAP will be to provide a document to the PAC, due June 30, that will include:

- Names of the members of the advisory panel
- Budget and plan for Academy staff support
- Project plan, including timetable and deliverables
- Preliminary scope of the project (see below)
- Plan for identification of risks and opportunities (see below)
- Preliminary list of information sources (see below)
SCOPE
The scope of the project is expected to encompass all of the following areas:

- identification of the actuarial needs of the public, and whether those needs are being met and, if so, by whom
- identification of the actuaries, current and prospective, capable of meeting those needs, by retraining or otherwise
- the education, basic and continuing, of actuaries, including academic resources and credentialing and qualification to offer services
- the process by which the Code of Professional Conduct, including actuarial standards of practice, is developed
- provision for enforcement of the code and standards, and for actuaries to receive guidance and counseling
- actuarial communications, including conveyance to the users of actuarial services the inherent uncertainty of actuarial conclusions
- user and prospective user education, and identification of appropriate means of marketing actuarial services
- the optimum method of regulation of the profession, based on the needs of the public
- anything else that belongs on the list, before the scope is narrowed based on significance and feasibility criteria.

APPROACH
The ERM approach to the study will ensure attention to the task of identifying the major risks and opportunities facing the profession across the broadest possible spectrum, to include for example:

- loss of markets due to the ongoing decline of defined benefit pension plans, the prospective decline of private health insurance, and other such risks
- provision of actuarial service by others who may lack adequate training and experience in the analysis of future costs
- confinement or elimination of actuarial analysis due to regulations favoring form (and forms) over actuarial substance, and compliance over analysis
- resistance within the profession to retraining and to accepting as actuaries, subject to
suitable qualification standards and levels, all persons doing competent actuarial work
- the opportunity to play the leading role in the potentially huge market for risk analysis and management services by private and public enterprises
- the opportunity to represent future generations of the public in the analysis of, and public education about, social insurance and other government programs

INFORMATION SOURCES
A preliminary list of information sources (to be fully-developed early in the project) includes:
- the advisory pane
- all actuarial organizations
- interviews
- literature search
- surveys

Study recommendations will recognize initiatives under way or proposed, by actuarial organizations or others, that bear on issues within the scope of the study. Such initiatives will be evaluated and, to the maximum extent consistent with study conclusions, utilized, supported and endorsed. As with other elements of the project, the primary evaluation criterion will be the actuarial needs of the public.