

Actuary

A fledgling new service: Actuarial counselling

by John M. Bragg

Actuaries have served our traditional publics — insurance organizations and benefit plan sponsors — well for a very long time. We also claim to serve the public, but our service impact on the public has been indirect.

I believe the time is right for actuaries to truly serve the public directly through a new service called actuarial counselling. (I use the double l's in *counselling* as a distinguishing mark for this service.)

The public's need

People are trying to cope with increasingly complicated insurance products and retirement plans of all kinds. Uncertainty in more aspects of life than ever before is causing unprecedented anxiety. The long-term employment covenant once held with employers has been broken. Appearances of a depressing future are fostered by media. These pervasive implications to the health and well-being of individuals point to a need for professional help.

Actuarial professionals who are trained, skilled, and experienced can act independently to help people meet these challenges. The actuarial profession is especially equipped to deal with uncertainty and manage the financial risks that come with everyday life.

Actuarial counselling is direct service for individuals. It comes

without conflict of interest. It comes complete with client-actuary privileges.

Creating a new role

Because of the diminishing opportunities within traditional actuarial roles, the new role of actuarial counselling opens what could become an astonishingly broad field.

Actuarial counselling can put our actuaries back to work. It can be the hero to vanquish our profession's worst enemy: low public recognition.

Getting started

Actuarial counselling is one-on-one conferences with a client. Actuaries must possess consummate technical skills, communication skills, and humility. Although the exact needs of clients will differ, following are some procedures for actuarial counselling.

Personal evaluation—the first step. You'll need a questionnaire and a computer. You'll substitute demonstrations for your client's faulty impressions. You'll evaluate elements such as life expectancy, impairments, family history, existing finances and career status, partnerships, and marriage. You'll uncover problems. Your client won't need a shrink; he or she will need an actuary.

Personal risk management. This is a major part of actuarial counselling. It includes risk spectrum, risk reduction, self-insurance, and the full range of

insurance/annuity plans in force and needed. Is that annuity company the safest available? Is the retirement

(continued on page 4)

Inside this issue

Actuarial counselling: a new role.....	1
<i>by Jack Bragg</i>	
Editorial: Change and choice.....	2
<i>by Bill Cutlip</i>	
Op-ed: Actuarial cubbyhole.....	3
<i>by Sam Gutterman</i>	
Dynamic solvency	5
<i>by Linda Heacox</i>	
Beyond option pricing	6
<i>by Glenn Daily</i>	
Travel adventures with actuaries.....	7
<i>by Barton Flemming and Michael Crawford</i>	
E-mail etiquette	8
<i>by Peter Potamianos</i>	
Actuaries Online.....	9
<i>by Peggy Grillot</i>	
Minority recruiting.....	9
<i>by Carl Voss</i>	
The need for speed.....	10
<i>by Linda Heacox</i>	
On the lighter side.....	12
<i>by Peter Potamianos</i>	
Advanced GAAP seminar	13
E&E corner	14
Committee members needed	15
<i>by Peter Duran</i>	
Actucroctic.....	16

The Actuary

The Newsletter of the
Society of Actuaries
Vol. 30, No. 3 • March 1996



William Cutlip
Editor responsible
for this issue

Editor

Michael J. Cowell, FSA
usunm8yl@bmmail.com

Associate Editors

Robert H. Dobson, FSA
bob.dobson@milliman.com
William C. Cutlip, FSA
76443.1471@compuserve.com
Michael B. McGuinness, FSA
michael.mcguinness@eckler
Robert D. Shapiro, FSA
73231.102@compuserve.com
Marc Twinney, FSA

Assistant Editors

Sue A. Collins, FSA
102714.2361@compuserve.com
Charles Habeck, FSA
Curtis E. Huntington, FSA
chunt@math.lsa.umich.edu
J. Bruce MacDonald, FSA
jbm1mac@ac.dal.ca

Puzzle Editors

Louise Thiessen, FSA
L.THIESEN@access.avinc.com
Dan Reichert

Dreicher@colybrand.com

Society Staff Contacts

847/706-3500

Cecilia Green, APR, Staff Editor
76041.2773@compuserve.com

Peter G. Potamianos, Ph.D., Managing Editor
102234.2542@compuserve.com
Linda M. Delgadillo, CAE
Director of Communications
102234.2543@compuserve.com

Correspondence should be addressed to

The Actuary

Society of Actuaries

475 North Martingale Road, Suite 800
Schaumburg, IL 60173-2226

The Actuary is published monthly
(except July and August).

Sam Gutterman, FSA, President

Robert W. Stein, FSA, Vice President

William Carroll, FSA, Secretary and Treasurer

Robert L. Brown, FSA, Director of Publications

Nonmember subscriptions: Students, \$6; Others,
\$15. Send subscriptions to: Society of Actuaries,
P.O. Box 95668, Chicago, IL 60694.



Copyright © 1996,
Society of Actuaries.

The Society of Actuaries is not
responsible for statements made or
opinions expressed herein. All
contributions are subject to editing.
Submissions must be signed.



Printed on recycled paper in the U.S.A.

EDITORIAL

Change and choice

by William Cutlip

I can't recall a time when change seemed broader and seemed to come faster than it does these days. The news is full of it. Tens of thousands of jobs are being eliminated. Big insurance companies are talking merger. The flat tax is a hot idea causing several of my accountant friends to have a pale, distracted look. And, we were told some months ago that even the workhorse Chevrolet Caprice, once the backbone of law enforcement and taxicab fleets, is passé. Traditionally, actuaries themselves have been backbones of the industries we serve.

Now, what the world demands is flexibility. What may seem to be an adversity — a job change or a lost job — can mean great opportunity if you're positioned to take advantage of it. If you've been an actuary for a long time, you may have become highly focused in one particular area. Or, by the same token, you may be operating so broadly that you've lost your technical touch. Now is the time to entertain new notions, to pursue new knowledge and new perspectives so you are in a position to use your talents in a variety of ways.

Two basic reasons make it smart to develop new perspectives. One is survival. What will you do if you're caught in the trap of "right-sizing" and "down-sizing?" Or, what if new regulations simplify your world and eliminate the need for your services? Having a broader base gives you more options. Second, as actuaries we can add value both to areas of private business and to the public forum. We've been trained to understand how to measure financial risk and how to use

that measure to solve problems. To date, we have focused this skill primarily on insurance. But there are plenty of other areas that could benefit from what we have to offer. The financial evaluation of businesses, measurement of the viability of school bond issues or real estate transactions, choices upon entering new business ventures, or the cost and opportunity of social programs only begin to suggest many brave new opportunities.

The Society of Actuaries offers several avenues of inquiry that could result in more choices for your growth:

- The work being done by the Continuing Education Task Force, which will improve and broaden our educational base and its methods of delivery.
- The new basic education syllabus will not only help future actuaries but will also help those of us who have been around for awhile, by spinning off new learning ideas for us.
- The study to take a look at formalizing the process to broaden job opportunities for actuaries. The Actuary of the Future Section and others will be involved.

Follow what's happening with these groups. Spend some time thinking about how their results can relate to you, make you a better actuary, and give you more opportunity. Don't get caught by the warm, comfortable trap of your desk and what is on it. Look outside and envision your future. Take action to accomplish what you want.


OPINION

The actuarial cubbyhole: What is an actuary?

by Sam Gutterman
1995-96 SOA President

Some observers have described the actuary as being good at numbers, but not so good at the big picture, business problems, or communications. As a result, certain actuaries may not get the chance to become involved in as wide a range of issues as they may like. The extreme case is an actuary who was passed over for a more "important" or broader corporate position or who wasn't hired by a client to conduct a consulting project because he or she was cubbyholed as a "techie" or as an expert in a narrow field. Why is this? Has it happened to you? What can you do about it?

Many actuaries have overcome this "actuarial cubbyhole." I believe most actuaries are capable of widening their own job niche. However, preconceived notions of what an actuary is capable of can be difficult to overcome. It is up to each actuary to dispel such notions and to add value in each situation. In many cases, an actuary can't simply declare: "I'm here to be a full-service consultant," or say: "I will analyze this

business problem from all perspectives and reflect all business impacts of the issue," and be believed. It may be a slow process of building credibility by evaluating issues or problems from more than a numbers vantage point.

This is, in many ways, what past Actuary of the Future task forces have addressed and what the current proposal on redesigning our education/examination system is all about. Bottom-line, it is up to you, the individual actuary, to be of value; not just in the traditional actuarial way, but with a comprehensive business focus as well. The results of an analysis can be most valuable when presented in a coherent manner, aimed specifically at your audience, reflecting their concerns and helping implement practical solutions without being asked to do so. I sometimes have to remind myself of who my audience is, what their needs and issues are, and then to anticipate them. For example, if you price insurance products, you should anticipate marketing or underwriting issues and, if warranted, suggest possible changes

in the product or price structure to address them, before you are asked to do so. This doesn't mean giving up quantitative approaches, but rather, supplementing them. Only in this way will you become an actuary in the true sense of the word.

Sometimes improving your business and communication skills comes with experience and involves learning new habits. It takes hard work and conscious effort to overcome old habits. It may require reengineering yourself, not so much in the content of your work product, but your message. It may mean not only altering a traditional actuarial stereotype others hold of you, but also changing your expectations about yourself.

Based on my experience, if you are successful in doing this, it could mean a lot more interesting work, possibly a more interesting job. In the long-term, it could result in a stronger and more successful profession for ourselves and for those who follow us.

Sam Gutterman can be reached by e-mail at 73462.27@compuserve.com

Actuaries to study flat tax proposals

A 10-member American Academy of Actuaries Task Force has responded to requests from Congress to examine the various tax reform proposals, including the flat tax. It will examine the impact of the tax plans on employer-sponsored benefit plans, health insurance, pensions, and private savings mechanisms. It will also examine the effects on long-term care, medical savings accounts, and annuities.

Task force Chairperson Ron Gebhardtsbauer said that everyone should understand the potential for employers to reduce benefit plans if tax incentives are removed.

"It would be unfair to the American public for tax reform legislation to be pushed through the Congress without examining its far-reaching implications on individuals," Wilson Wyatt, Jr., Academy executive director, said.

The task force's report should be completed in May. "In the meantime," Gebhardtsbauer said, "the Academy will continue to provide elected officials and presidential candidates pertinent actuarial information related to these proposals." Other task force members include four health actuaries, four pension actuaries, and two life actuaries.

Counselling (continued from page 1)

community's entrance fee fair? What's the best way to get retirement income? Your client may distrust policies that he or she owns or is being quoted, so you analyze and rate them.

Claim and entitlement strategy.

This process sometimes leads to a client's purchase of appropriate life insurance or annuities. If this happens, the actuarial counsellor should receive no direct benefit and should avoid any conflict of interest. This comes into play when the client is entitled or will become entitled to a financial claim due to retirement, early retirement offers, divorce, personal claims, and injuries. Managed care and confusion have stacked the deck against your client. It's up to you to see that your client gets a square deal. Should he or she take that retirement lump sum? Is that viatical settlement fair?

Investments/asset mix. This takes the actuarial view and a practical approach. What will happen to interest rates, inflation, the stock market? When is the next recession or boom? Actuaries, who have had long experience in forecasting interest rates, are becoming practical experts in the whole world of economics and investments. Your client needs you to help cope with those investment advisors. You'll need an actuarial system of the economic/investment world.

Taxes. You have an actuarial viewpoint and must have a solid grounding in the nature and impact of taxes. While not holding himself up to be a professional tax advisor or accountant, the actuarial counsellor can clarify situations such as estate taxes, benefit plans that eliminate or defer taxes, and gift annuities.

Career. A client needs to understand the concept of "working life/health expectancy" and the economic aspects of career selection and retention. Is that golden parachute really made of lead?

Direct Action. Your client may want you to solve certain problems directly by negotiating with an

insurance company, employer, partner, or government official. Actuaries can accomplish much by using low-key, nonconfrontational negotiation approaches.

Implications for the Society of Actuaries

We all know that the Society is altering the exam syllabus. An actuary is to be defined as "a professional who assesses and manages the strategic and financial implications of risk." The strength of our actuarial education is that we can build upon a foundation of knowledge to serve the risk management field. This includes risk management for individuals and for businesses. That's actuarial counselling. Businesses are the small tip of actuaries' opportunities; individuals are the big iceberg.

Early in 1995, the SOA Foundation came up with a proposal to provide actuarial and financial advice to the elderly and teenagers.

This service is a good idea. I'm not the only actuary who has done it for church groups, relatives, and even for nursing homes. The people are grateful, and we got practice. However, many other people need actuarial counselling, and I've found they are glad to pay for it. The Foundation should take actuarial counselling to heart as a vision of our future. The Actuary of the Future Section should also play a major part.

Future of actuarial counselling

Many actuaries are eager to enter new practice fields. Actuarial counselling is a growing field to consider. I have developed how-to kits and programs to help newcomers to the actuarial counselling world. The new role will need much support: exam content, seminars, and ASB standards. Licensing may

even be needed.

Can actuarial counseling be raised to the position of a service recognized, respected, and wanted by the public? Psychologists, pastoral counselors, and chiropractors have accomplished it. We can too, if we want to.

The Society has lapel buttons that read, "Ask an Actuary." The six on my dresser at home stare up mournfully every morning. I've never worn one; I'm afraid that the wrong people would do the asking. I'll keep the buttons though; I now know who the right people are. They are individuals who need our services.

In my fledgling efforts to do actuarial counselling, I have found that the public itself respects actuaries. As one client stated: "You guys are doing a great job!"

John M. Bragg, Bragg Associates, Atlanta, was president of the Society of Actuaries in 1975-76. He can be reached by e-mail at 75442.3555@compuserve.com

For more information

John Bragg's paper, "Actuarial Counselling — a New Role," was published in the *Transactions* of the International Congress of Actuaries, Montreal, June 1992. It is available on the SOA electronic bulletin board, Actuaries Online, in the "General" section of the library. Bragg also has assistance kits on actuarial counselling available.

David Bragg will be a panelist speaking on actuarial counselling in session 7-2, "Actuaries in Nontraditional Roles," Wednesday, March 20, at the Enrolled Actuaries meeting in Washington, D.C.

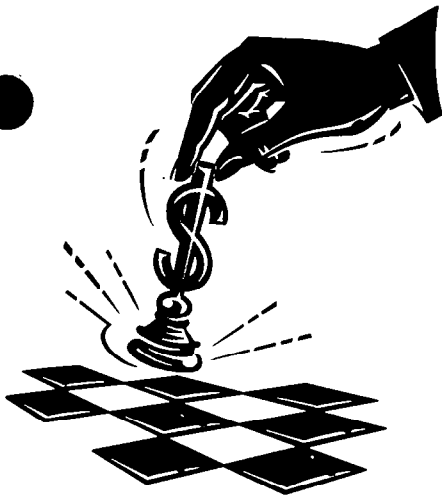
Correction

In the December issue of *The Actuary*, the announcement that Gary Parker's prize-winning paper, "Stochastic Analysis of the Interaction between Investment and Insurance Risk," would be in the *ARCH* 1996.2 was in error. Parker's paper was published in *ARCH* 1995.2.

Dynamic Solvency: Emerging field opens up nontraditional opportunities

by Linda Heacox
SOA Public Relations Specialist

Dynamic financial analysis, also known as dynamic solvency testing, looms large on the emerging practice area horizon, according to U.S. and Canadian actuarial organizations. The Canadian Institute of Actuaries (CIA), the Society of Actuaries (SOA), and other actuarial groups have recently chosen to explore this relatively new field of practice. Spokespersons say they believe the area cries out for actuarial expertise.



Unlike valuation, which basically provides a "snapshot" of the company's potential liabilities and reserves at a fixed point in time, dynamic financial analysis requires the running of models based on assets, liabilities, and earnings under a variety of potential economic scenarios and company actions. The results give senior management a powerful tool in making strategic decisions.

Professional groups see potential, offer guidance

Canadian law requires regular dynamic solvency testing of all insurance companies. But, a CIA task force has

found that this analysis has potential far beyond the regulatory applications. In the United States, where such testing is not a requirement, the SOA is nonetheless anticipating a need for actuaries who can perform dynamic financial analysis in both the insurance and the general marketplace. To prepare them, the SOA has produced *Dynamic Financial Condition Analysis*, a handbook explaining the when-tos and how-tos of this analysis.

James Reiskytl headed the task force that oversaw production of the handbook under the direction of the Committee on Financial & Investment Management Practice Education. He believes that current use of dynamic financial analysis is sporadic and varies widely among companies that use it, but he also thinks every insurance company should be doing some version of it. He hopes the handbook will encourage more actuaries to do such analysis and, where appropriate, make current efforts more rigorous.

Experience already there

David Fishbaum, a chair of the CIA task force, is enthusiastic about the possibilities of applying this type of analysis to financial entities outside insurance. For example, he cites the recent bankruptcy of Orange County, California, as a situation in which dynamic financial analysis might have prevented a civic debacle. "Orange County was doing things that an actuary would have seen were risking the solvency of the entity," he said.

But does it take an actuary to see such risk or to perform the analysis? For non-insurance companies, the analysis is usually done by other financial professionals. "There will be competition for this type of work," said Fishbaum. "But we do it now for

insurance companies. That gives us a competitive advantage over the financial analysts and the accountants.

"Actuaries' working with contingencies does help," he said. "But our expertise is obviously on the liability side, so we need to stay up to speed in the asset area. I think we are doing a good job of that."

Allan Brender served as an editor of the SOA handbook and frequently performs the analysis for clients who use the tool for any of several reasons: they understand the value of getting a complete picture of the risks and possibilities facing every part of the company in a variety of situations, they want it for peer review, or they are in trouble with regulators and are required legally to do it.

The best thing about the work may be that it positions actuaries to know every aspect of a company and its operations. Brender said the trend creates new opportunities for actuaries. "It involves them in corporate planning and creates communication opportunities with those in the company they may not have worked with before."

Dynamic Financial Condition Analysis is available for \$40 from the SOA Department of Books and Publications. Call 847/706-3526. **Linda Heacox can be reached by e-mail at 102234.2544@compuserve.com**

1996 Speakers List available

The directory of volunteers who have offered to speak on actuarial and business topics at actuarial clubs and other meetings has been updated. The *Society of Actuaries 1996 Speakers List* is available at no cost. Call 847/706-3515 for your copy.

Beyond puts and calls: Option pricing as a powerful tool in decision-making

by Glenn S. Daily

Option pricing theory is a major accomplishment of modern finance. By looking at the cost or reward of making a financial decision, it spurred development and widespread use of familiar financial options, such as puts and calls on common stocks, plus exotic derivatives. A key insight is that options could be viewed as a combination of an underlying asset and a risk-free investment. From the no-arbitrage principle, the price of an option is simply the value of the mimicking portfolio.

More recently, theorists have turned their attention to option pricing in the everyday financial decisions that individuals and businesses must make. Should you build a factory today, or wait to see what your competitors do? Should you default on your mortgage now, or wait to see if property values fall even farther? Should you be a leader or a follower in adopting new technology?

These decisions share three characteristics: 1) they are irreversible; 2) they can be postponed; and 3) their outcomes are uncertain. As Avinash K. Dixit and Robert S. Pindyck explain in *Investment under Uncertainty* (Princeton University Press, 1993), this combination thrusts the analysis of investment opportunities into the province of option pricing theory.

When a financial decision is irreversible, making a commitment today kills the option to wait until tomorrow. This option to wait is worth something, so you should factor its loss into your decision. People implicitly recognize this when they talk about wanting to keep their options open. By providing tools to quantify the value of the option to wait, option pricing theory gives people a more realistic framework for making decisions.

One example of this application is with buying and selling insurance. Consider lapse-supported life insurance products. There is a lively debate among actuaries about the merits of this pricing technique. Proponents argue that it rewards long-term policyholders, because of better persistency, better mortality (due to better persistency), and lower reserves and target surplus. That may be true, but lapse-supported pricing means low early cash values and that introduces irreversibility and the value of the option to wait.

To compensate the buyer for giving up the ability to reverse the buying decision and get money back, a lapse-supported product must offer better long-term values than a low-load product with high early cash values. How much better? It may take years for researchers to answer this, but published estimates for other decisions suggest that an option-aware consumer would probably find a lapse-supported product unattractive.

Indeed, it might be hard to justify the purchase of any product with low early cash values. In an option pricing framework, "buy term and invest the difference" becomes "buy term while you wait for the right time to buy a cash value policy." Taking into account the value of the option to wait, is it ever the right time to buy a low cash-value policy, or should you just keep renewing your term policy to age 100?

What can a company do to encourage purchase decisions? The short answer is



that it must find ways to reduce the buyer's perceived risk of regret, and therefore the value of the option to wait. Here are some suggestions:

- Make continued financial strength a clearly stated corporate goal. For example, announce that it is corporate policy to maintain financial strength ratings of AA or better from at least two rating agencies.
- Provide product enhancements to existing policyholders, even when a traditional cost analysis might say no.
- Levelize commissions to permit higher early cash values.

This insurance buy/sell approach is one application of option pricing as a non-traditional tool. Try this approach in other areas as well and see how it can help your decision-making.

Glenn S. Daily, not a member of the Society, is a fee-only insurance consultant in New York City, specializing in life insurance and annuities. He can be reached by e-mail at 71630.2234@compuserve.com

Travel adventures with actuaries

Actuaries are a versatile, creative, and enterprising group of people. Two such people are Michael Crawford and Barton Fleming. They successfully searched for challenges and opportunities for personal and professional development. As a result, their searches took them to distant lands. The following are their personal accounts of these adventures.

A math teacher in the land of kismet

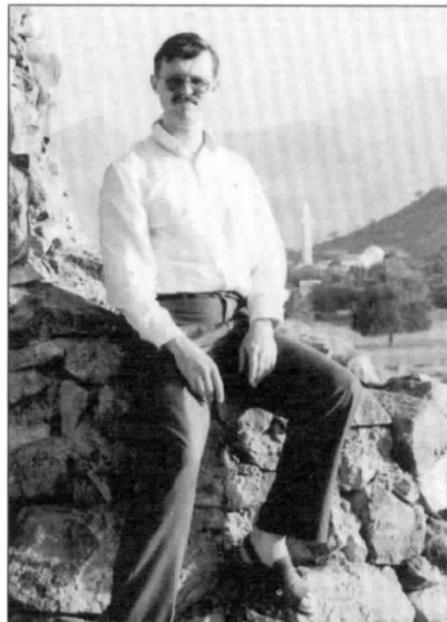
by Barton Fleming

Like many actuaries, I always wanted to teach. In 1992, with the economy mired in a recession and with a shortage of jobs for pension actuaries, I took an interesting, but lower-paying, job. It was a teaching position, behind ten-foot walls topped with six feet of barbed wire, at the Women's Campus of the United Arab Emirates University. The students lived behind these walls, leaving the university only on weekends. On weekends, their fathers or husbands would pick them up, or they would travel on chartered buses directly to their homes.

While teaching at the university, I was living in the oasis city of Al Ain in the middle of the great Arabian Desert. Unlike many Arab Gulf cities, Europeans and Americans make up less than 1% of the population. Thus, the city of Al Ain is culturally Arabic and lacks the cosmopolitan veneer of places like Abu Dhabi and Dubai.

For an American, my first day as a full-time university instructor was unique. As I stood in front of my class, I saw the faces of only half of my 20 students. The other half were hidden behind a variety of black veils. For some of them, this was their first encounter with a man from outside the immediate family. I had to comply with a dress code that required long pants, long-sleeved shirts and ties in an extremely hot climate. I joined the group who claimed wearing open sandals was a Western cultural tradition.

Part of my adjustment was going from 20 years as a benefit consultant to a teacher. Other adjustments came from differences in culture and the business environment. The life insurance business is thriving in the Arab Gulf, but most policies are purchased by expatriates. The two market segments are expatriates from the subcontinent, for whom life insurance is their family's economic security, and European expatriates, especially those from the British Isles, who are interested in offshore savings vehicles.



Barton Fleming explores a ruined watch tower on the coast of the Emirate of Khorfakhan. He wears the obligatory long-sleeve shirt in a climate with temperatures of 120° F. in the shade.

Emirate nationals do not buy much life insurance. The Holy Koran specifically forbids certain contracts that involve interest, creating suspicion of traditional insurance policies that

involve fixed payments by the insured and fixed payouts by the insurance company. Variable cash value policies can be developed that pass the scrutiny of Islamic law experts.

However, the traditional family structure, religion, and culture in the Emirates actually reduce the need for life insurance. For example, a woman remains part of her family after marriage, yet the children belong to her husband's family. At the time of marriage, her husband or his family gives her a bride price, ranging in modern times from \$135,000 into the low millions, depending on her education and career success. The money may be placed in a trust, or the woman may invest the money herself. These women's rights are derived from the Koran and are also linked to a certain level of independence within the traditional society rarely reported on by the Western media.

If a couple divorces, which is just as likely to happen as in Western cultures, young children remain with the mother and are supported by her bride price investments. Older children are expected to be raised by the father. The extended family feature of Emirate society also assists with providing for children in the event of death.

Many Westerners assume the need for life insurance will increase as the culture changes. I believe there is no reason to assume that the Emirate's cultural traditions, developed over centuries and enabling their survival and prosperity in one of the most difficult environments on earth, will evolve to be similar to those of the West.

Barton Fleming is temporarily at NationsBank, Greensboro, N.C., and is ready to resume an actuarial career.

(continued on page 14)

E-mail etiquette

by Peter Potamianos
SOA PR Specialist

The Electronic Mail Association claims that e-mail connects 30 to 50 million people throughout the world and that those connections increase by 25% annually. Michael Legeros cites this claim in "Etiquette and E-mail: Rules for Online Behavior," in the July/August 1995 issue of *INTERCOM*, a Society for Technical Communication newsletter.

E-mail is a remarkable tool for communication. It is both efficient and effective in getting messages across to others. For only the price of a local phone call, e-mail users can send messages from one end of the globe to the other.

- E-mail is a public vehicle limiting anonymity to users. For example, people sending e-mail messages may, instead of using their real names, use first names, pseudonyms, or just electronic addresses to identify themselves. Consequently, the opportunity to abuse this communications medium exists.

Lately, e-mail users have discussed and written much about appropriate etiquette and civility when using this unique electronic medium. So, to promote and foster good online behavior, we offer the following for consideration:

1) E-mail is not private.

Use e-mail to send only those things that are not private or confidential. The Electronic Communications Privacy Act prohibits line taps, but it gives law enforcement agencies and employers the right to read and copy e-mail messages. E-mail is considered internal communications. The agencies or corporations paying for the e-mail system own all e-mail correspondence. Usually, their computer system managers will store e-mail messages, sent, received, and deleted on large capacity backup tapes for years.

The sender should never feel secure that e-mail will remain unread or untouched before it gets to its final

destination. Receivers may forward e-mail to whomever they wish, without the originator's prior knowledge or approval. Therefore, e-mail is never private and sometimes may come back to haunt the sender or appear as evidence in a law suit.

2) Courtesy is vital.

Be prompt in responding to e-mail received. E-mail is a communications medium similar to a phone call. Like phone messages, the sender usually expects a prompt and courteous response. Also, it's good practice to refrain from snappy comebacks or witty comments that, without a voice behind them, can be misinterpreted as sarcasm. You can avoid misunderstandings by using acronyms such as <VBG> (very big grin) to show you're joking.

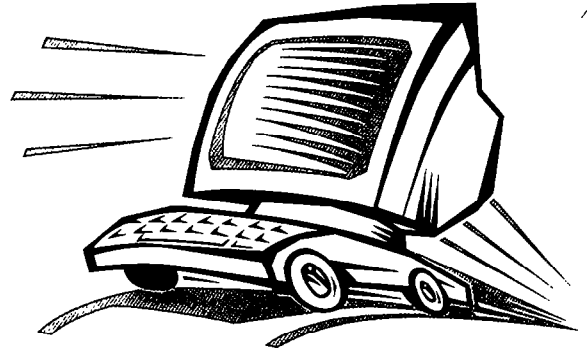
3) Short messages are better.

Keep e-mail brief and to the point. Short messages are considerate of the reader's time and are usually clearer than longer ones.

4) Be familiar with accepted "cyberspeak" conventions.

Users can combine abbreviations, acronyms, symbols, and words to convey meaning to the reader. E-mail users call this "cyberspeak."

- Capitalization.** Messages composed in all uppercase letters "sound" harsh and usually mean that the sender is SHOUTING. Messages composed solely in upper or lowercase are difficult to read. Therefore, use uppercase letters only for emphasis.
- Acronyms.** Acronyms are useful in abbreviating messages and speeding communication. However, unless the reader knows what they mean, they may be confusing. If using a less well-known one, spell out acronyms in the message on first reference.



Some common ones are BTW (by the way), FWIW (for what it's worth), IMHO (in my humble opinion), ROTFL (rolling on the floor laughing), TIA (thanks in advance), and BFN (bye for now).

- Emoticons.** Emoticons are punctuation symbols used in combination and viewed sideways, appearing like little faces. The colon, with an open or closed parenthesis, looks like a smiling :-) or frowning :- (face. Other symbols include :- D for a laugh, :- @ for a scream and :- X for sealed lips.

Remember, use e-mail cautiously, send only those things you would not mind sharing with others, and practice the "netiquette" of responsible cyberspeak.

Actuaries Online update

by Peggy Grillot
SOA BBS Manager

Remember, forum messaging is separate from e-mail that you create outside the forum, although the same netiquette rules apply. Messages are created, posted, and responded to within a forum, such as Actuaries Online, the Society's electronic bulletin board service on the CompuServe network. To date, more than 25,000 messages have been posted since AOL began April 1, 1994. Currently, there are more over 1,700 subscribers from around the world browsing the 875 files found online in 17 library sections.

Messages are available immediately once posted and can be either

public or private. However, the real powerhouse of public messages is that any subscriber can respond to questions or requests for information, sometimes within an hour or two. Because real first and last names are required while in Actuaries Online to maintain professionalism, forum messages have an identity attached to them.

Messages can be posted in any one of our 15 topic areas, such as Research, Disability, or Property &

Casualty, our newest section.

Messages scroll off the forum in about three weeks, so subscribers are advised to either store responses in their electronic filing cabinets or to print out hard copies. Also the system operators (sysops) archive message threads on diskettes and can upload a thread as a library file upon request.

Innovative use for messaging

Actuarial clubs have found that Actuaries Online is a great way to post

upcoming club announcements. If you're responsible for getting the word out about your meeting and are not a member of Actuaries Online, find another member of your club who is Online to post it for you.

Remember, however, that advertising for products and services is limited to the Advertise Online library. **Peggy Grillot can be reached by e-mail at 72662.356@compuserve.com**

Minority recruiting committee needs support

by Carl Voss

The Joint Committee on Minority Recruiting needs your support. Started in 1977 by the Society of Actuaries (SOA), the Joint Committee now includes members of the Casualty Actuarial Society (CAS). The committee encourages qualified minority students (African Americans, Hispanics, and Native North Americans) to pursue an actuarial career by awarding scholarships, granting exam fee waivers, and assigning mentors.

The committee also has supported summer programs at Florida A&M University and Howard University for talented African American high school students. These programs introduce the students to the actuarial profession and the actuarial programs at these schools.

Over the past 18 years, the committee has awarded just over \$1 million in scholarships and grants to the two summer programs. Over that period, 28 of the scholarship recipients have become Fellows or Associates of the SOA or CAS. Many recipients are still working on exams.

We need your support in several ways:

- Volunteers to serve on the committee

- Volunteers to serve as mentors to scholarship recipients and applicants
- Contributions. Our fund stood at only \$30,000 at the end of January 1996. We need at least \$100,000 by July 31, 1996, to fund this year's scholarships and summer programs.

To volunteer, please call me at my *Directory* number. To make a corporate or personal contribution, please make the check payable to "CAS/SOA Minority Recruiting Program" and mail it to the Society of Actuaries/Casualty Actuarial Society, P.O. Box 95668, Chicago, IL 60694. Contributions are deductible for U.S. federal income tax purposes. If your employer has a matching contribution program for contributions to a 501(c)(3) organization, your individual contribution can be maximized by your employer's match.

Carl Voss is an actuary at the Chicago office of Watson Wyatt Worldwide and chairperson of the Joint Committee on Minority Recruiting.

Spring 1996 Exam Seminars

Organization	Course	Instructor/Phone	Location	Dates
The Austin 150 Seminar	150	Dr. James Daniel, ASA 512/343-8788	Austin, Texas	March 30-April 6
Sam Broverman	120, 130, 135, 140, 150, 151, 160, and EA1-A	Professor Samuel A. Broverman, ASA 416/978-4453 416/966-9111	Chicago New York	April 9-29 April 16-May 9

CAS study manuals

Study manuals for all Casualty Actuarial Society (CAS) exams, including those for which Society of Actuaries (SOA) credit is granted, can be obtained from Casualty Study Manuals, 1835 Brantley Street, Winston-Salem, NC 27103; phone: 910/722-3177; fax: 910/722-5778. Credit card orders (Visa or MasterCard) are now accepted. For details, see the SOA study note package or contact Tammy Applegate at the above address and phone number.

Actuaries are good sports, too—III

The need for speed

by Linda Heacox
SOA PR Specialist

He'd never so much as changed oil, but when actuary Dan Fritz bought his first sports car, an Alfa Romeo in 1976, it turned out to be a ticket to a seriously competitive racing avocation.

Starting in low-speed events like auto cross (where drivers set up pylons on a parking lot and race for the best time), Fritz progressed to time trials (racing on a track against the clock) and won several competitions before deciding he needed bigger challenges in 1987. He found them in formula car racing, driving vintage formula Fords (which look like small versions of Indianapolis race cars) and later graduating to the bigger, more sophisticated formula Continental class cars, which run in a substantially more competitive class that includes professional drivers.

He won three championships with his Fords and was dominating his class by his fifth year of formula racing. Of the nine races he competed in that year, he won seven. Moreover, he had the fastest qualifying time in all nine races.

Fritz, who in his nonracing life is vice president and actuary of the Federal Home Companies, Orlando, Fla., has competed since 1993 in the grueling long distance off-road race, the Baja 1000. His team of six drivers, two for each of three legs of the race, finished the Baja in 30 hours and 53 minutes, good enough for fifth in class and 45th

place overall. On their leg, Fritz and his South African co-driver piloted their dune buggy across 500 miles of largely desert terrain in around 12 hours.

This Baja was the longest ever, covering 1,150 miles between Tijuana and LaPaz, Mexico. Fritz's vehicle averaged about 40 mph, sometimes crawling over boulders, sometimes racing flat out, across wildly varying terrain in every possible degree of daylight. Adventures included losing headlights at night and nearly spinning out over a cliff, narrowly avoiding a collision with a cow, and breaking off a piece of the transmission, an accident that required the car to be welded at every pit stop.



Dan Fritz and his co-driver get their dune buggy airborne in the Mexican desert during last year's Baja 1000.

Risk? What risk?

Although the widely held perception is that actuaries are risk averse, Fritz doesn't see a contradiction. "I don't consider the car racing I've done really dangerous." He did admit that



Bruce Bengtson competes in Sports Car Club of America races two or three times a year, sometimes in this production Datsun 2000 Roadster.

off-road racing can be treacherous, because drivers never know quite what to expect. But it's precisely that element of surprise that he relishes. He plans to do the Baja again, as well as his formula racing.

"Dan has a higher tolerance for risk than I do," said fellow sports car racer Bruce Bengtson, vice president and chief actuary of LifeUSA, Minneapolis. "One hundred thirty, one hundred fifty miles an hour and the only thing between him and the pavement is a flimsy fiberglass body and a tube frame. Man, it's a whole different perspective than where I'm at."

Shane Chalke, president, CHALKE/SS&C, Chantilly, Va., who also enjoys a spin around the track in his modified Ferrari, preferably at speeds in excess of 100 mph, agrees. "I don't really think that in the kind of racing I do there's much danger," said Chalke. "Fritz's class is much more dangerous than mine. In my class, you've got a frame and a structure completely around you. Very rarely do you hear about a fatality. I've had minor crashes maybe three times over the past 10 years. I've never been injured."

Bengtson, who races his own 4-door Alfa Romeo and also rents production sports cars to race, started as a "corner worker" (a safety official who oversees track firefighting and driver safety equipment). Then, tempted by the competition, he started competing in auto cross and other low-speed events, getting an education in driving skills and the dynamics of cars.

Competing in Sports Car Club of America races, he has driven both a sports sedan, a Dodge Omni GLH that looks like “a grocery-getter shoebox,” and a Datsun roadster, a car built in the late '60s along the lines of a Triumph or MGB.

Chalke said he takes his Ferrari to Summit Point, W. Va., a grand prix track with 10 turns and “some good elevation changes,” to compete. “People bring everything from old formula one cars, to vintage race cars, to street cars,” Chalke said. The cars are usually divided into three groups, according to speed and power. Then, Chalke said, “You line up in the grid and race.”

He has completed the two-mile course in 1:29 and reached top speeds of 135 mph. In 1991, he was awarded the GT Award as one of the most outstanding drivers at the Ferrari Club of America national meet.

Strategy or speed?

All three said the nature of the sport is what attracts them. “Road racing is very precise,” explained Chalke. “You do the same thing over and over, trying to do it consistently every time.”

Bengtson’s formula for winning races is “50% running as fast as you can and 50% outsmarting the other drivers.”

He said it’s strategy, not power, that makes his Dodge “very competitive,” enabling him to win against faster cars like the Mazda RX-7 or the Porsche

944. A win in 1994 at the Brainerd (Minn.) International Raceway, for example, was a triumph of competitive psychology.

“There were half a dozen cars in my class, including the record holder. I knew who he was at the beginning of the weekend so I tracked him very carefully. Whenever he was behind me, I made sure he didn’t get a true read on what the car could do. It was a mind game from the beginning. I knew that on the next to the last lap, if I could get by him coming into the sharpest corner before the longest straight, I would be able to build up enough of a lead in the twisty, turny back side of the track that he would never be able to catch me.”

That ability to think logically and progress by steps to achieve an objective is the similarity between driving and actuarial work, according to

Bengtson. “Let’s say you’ve got 20 other cars on the track, and you’re only racing against six of them in your class. You may know you have to stay within two seconds of the lead car in the race, otherwise you’ll lose the draft. You also know there are times when, even though a certain car is not in your class, you don’t want him to pass you. You can maneuver a little bit to make it difficult for him to pass you, even though he has a faster car. Then when he does pass you, he’s not going to interfere with your race. The objective is to be first at the finish line when the checkered flag flies, and you’ve got to mentally work back from that.”

So is the mental gymnastics or the speed the best thing about racing? “Now that’s a difficult question,” Bengtson laughed. “It is quite a rush.”
Linda Heacox can be reached by e-mail at 102234.2544@compuserve.com



Shane Chalke races his modified Ferrari at a grand prix track in West Virginia.

Actuaries are good sports, too—IV 100th Boston Marathon: Who’s running?

by Mike Cowell
Editor, The Actuary

Several years ago, when I had the spare time to publish the newsletter, *The Actuarial Marathoner*, we had a good idea of who was running which race and how they finished. The Boston Marathon even included “actuary” as one of the occupations to check on the entry form.

Unfortunately, for the 100th running of Boston this April 15, we were left with such designations as “insurance” or “finance” to choose from, in spite of the numbers of

actuaries running marathons out of all proportion to our representation in the working population.

If you are running in this historic event, please let me know by mail, phone, fax (in the 1996 *Directory*) or by e-mail: USUNM8YL@IBMMAIL.COM and I will put together a story.

Thanks and have a great race. Hope to see many of you in Hopkinton.



on the lighter side

by Peter Potamianos
SOA PR Specialist

A family tradition

Can any other actuary claim this record of four actuaries in their immediate family?

Murray Projector brought *The Actuary's* attention to the Kобрine family from California, who has four SOA members listed in the *Directory*. They are David, Robert, Ronald, and Steven. Ron is the father of three sons who earned actuarial designations, and two are practicing actuaries. Ron, who is now retired, said his career started in 1958 when he answered an Occidental Insurance ad. David and Robert are vice presidents in their own pension administration company, Pension Benefits Unlimited Inc., in Irvine, California. Eric, the youngest, also works in the firm and does a variety of jobs, including actuarial calculations. Steven, an ASA, is a medical doctor doing his residency in Indianapolis. Ron's daughter, Joni, who attended medical school with Steven, is also a doctor. All five Kобрine children are graduates of the University of California.

Unlucky mortality guess makes for bad real estate deal

Benjamin Feller, Roland Dieter, and Gordon Leavitt brought this newsworthy item to our attention. *The New York Times* reports in a December 28, 1995, story that 30 years ago, Andre-Francois Raffray offered to pay 90-year-old Mme. Jeanne Calment 2,500 francs a month (about \$500) for the right to own her grand apartment in Paris after she died. She agreed

to the "for life" arrangement, one common in France and one that seemed to favor Raffray. Most mortality tables would indicate he only had about four years' wait before he called the moving van.

Today, Calment is 121 and the oldest person in the world with records to prove it. She has outlived Raffray, who died last year at the age of 77. Calment received more than \$184,000 for her apartment, which is worth only half that amount. The arrangement also obligated Raffray's widow to continue monthly payments to Calment for the vacant apartment.

Because of her age, Mme. Calment recently moved to a nursing home, where she reportedly dines on foie gras, duck thighs, cheese, and chocolate cake. She has cut her first record, "Mastering Time," a compact disc in which she tells her life story to a musical background. It was released Feb. 21, on her 121st birthday.

A tribute, well-deserved

Craig S. Karpel, in his book *The Retirement Age: What You Must Know Now to Prosper in the Coming Meltdown of Job Security, Pension Plans, Social Security, the Stock Market, Housing Prices, and More* (HarperCollins, 1995) devotes an entire chapter to Robert J. Myers, past president of the Society of Actuaries



Ron Kобрine (center) may have an actuarial record. Of his four sons, (L-R) Eric, Steven, Robert and David, three have actuarial designations, and two are practicing actuaries.

and past chief actuary of the Social Security Administration. In chapter three, "The Grand Old Man of Old Age," Karpel recognizes Myers as an architect of Social Security and author of the standard text called, simply, *Social Security* (Irwin, 1985). On the fate of Social Security, Karpel cites Myers as saying, "Social Security will outlive us all." The person who "did the math" that fixed the age of eligibility to receive full Social Security retirement benefits at 65, Myers is quoted in Karpel's book as recommending that adjustments to bring Social Security into long-term balance should include raising full retirement age to between 68 and 70.

Mail alert

The first ballots for the Society of Actuaries' 1996 elections will be mailed to all Fellows on March 12. Fellows who do not receive the first ballot by March 22 should call Lois Chinnock at the SOA office, 847/706-3524. To be valid, ballots must be returned to the SOA office by April 12.



31st ARC to be at Ball State

The Actuarial Research Conference (ARC) provides a central meeting place for academics and researchers interested in actuarial science. This year, the 31st ARC will be Thursday, August 15, through Saturday, August 17, at Ball State University, Muncie, Indiana.

Presentations relating to the theme, "Actuarial Applications of Financial Economic Theory," or other actuarial topics are welcome. The conference will honor Dr. John A. Beekman, Lincoln National Corporation Professor of Actuarial Science, who will retire from Ball State University after 26 years of service to its actuarial program and 33 years at the university.

Additional information about the conference can be found in the World Wide Web Site: <http://www.cs.bsu.edu/homepages/math31stARC.html>. Elias Shiu and Bruce Jones of the University of Iowa are coordinating this conference, with the assistance of William Frye of Ball State University.

First International Underwriting Congress in 1997

February 23-26, 1997, are the dates for the first International Underwriting Congress to be held at the El Presidente Intercontinental Hotel and the Nikko Hotel in Mexico City, Mexico. The Congress will offer a multi-disciplinary program on issues related to international life and health insurance, risk selection in a global market, and doing business internationally.

The planning committee includes 45 notable life insurance professionals from around the world. Speakers include the world's leading life underwriters, actuaries, and medical directors. Sessions address topics such as developments in

genetics, demographics in life insurance, emerging infectious diseases, and cultural diversity as it impacts marketing and underwriting life insurance. All sessions will be in English with simultaneous Spanish translation.

More than 1,000 people from 60 countries are expected at the first Congress. Registrations will be accepted beginning in August. For more information, contact Larissa K. Viguc, The Vermont Insurance Institute at Champlain College, P.O. Box 670, Burlington, VT 05402-0670; phone: 802/860-2726; fax: 802/860-2773; e-mail: viguc@champlain.edu

IN MEMORIAM

Leslie A. Cannon
FSA 1936, FCIA 1965

Richard F. S. Hazlett
FSA 1951, MAAA 1965,
FCIA 1966, FCA 1974

Call for volunteer speakers

Have an urge to share your knowledge? Volunteer to speak at the Society of Actuaries' Orlando Annual Meeting in October. Sessions are in need of qualified presenters. It's easy. Call Barb Choyke, SOA Director of Continuing Education, at 847/706-3546.

Advanced GAAP seminar in Dallas April 18-19

In response to changes in product design, new accounting pronouncements, and advances in interpretation of accounting and actuarial literature, the Society of Actuaries has developed an advanced Generally Accepted Accounting Principles (GAAP) seminar. It is scheduled for April 18-19, 1996, in Dallas, Texas, at The Adolphus Hotel.

The seminar's purpose is to deliver information on the specific requirements of the current world of GAAP for actuaries and financial professionals in the life insurance industry. Recent accounting standards for traditional participating life insurance contracts (SFAS 120), reinsurance (SFAS 113), deferred taxes (SFAS 109), and investments (SFAS 115) have modified provisions of earlier standards.

The seminar includes a mix of teaching sessions, small group case studies, and question and answer forums. Actuaries from three of the largest accounting firms practicing in the insurance industry today developed the seminar and will lead it. The faculty includes Frank J. Buck and Calvert A. Jared, Deloitte & Touche LLP; Charles Carroll and J. Peter Duran, Ernst & Young LLP; and Larry B. Quimby and David Y. Rogers, Price Waterhouse LLP. Call 847/706-3545, SOA Continuing Education, for more information.

E&E CORNER

New ASAs and new FSA candidates

With the change in Associateship requirements from 200 to 300 credits in effect, SOA welcomed only two new ASAs from the November examination session. One hundred seventy completed Fellowship exam requirements and were invited to attend the Fellowship Admission Courses in February in Atlanta and in March in Dallas.

New Fellowship courses

Two new Fellowship elective courses were introduced with the November 1996 session:

- I545, Individual Disability Income, a 15-credit course, whose topics include plan design and administration, pricing and profitability, and actuarial reserves and financial reporting
- G528, Advanced Health Topics, a 15-credit course, whose topics include managed care effectiveness, dynamics of public and private health plans, and ethical considerations

Pension course changes

Some consolidation of courses in the Pension Track is planned. International Pension Issues (P-560), Social Insurance in Canada (P-561C), and OASDI Program in the U.S. (P-562U) courses are being combined into one

new elective course, P-567, Retirement Income Security—A Worldwide Perspective. The new course will be offered starting in fall 1997. Presently existing courses will be offered for the last time this fall (P-561C, P-562U) and in spring 1997 (P-560).

The U.S. and Canadian courses on design of retirement programs (P-361C, P-362U) are being changed to include material on executive retirement plans, now considered a central part of current practice. It will eliminate the elective courses on executive compensation (P-565C, P-566U), which is being offered for the last time in the fall of 1996.

Elective course being eliminated

Selection of Risks (Course I542) is being offered for the last time in fall 1996. The Education Committee believes that much of the detailed material on the course is not needed. Important concepts, such as pricing considerations and financial implications related to underwriting, will be covered in the required design and pricing (I440C/441U) and law and tax (I342C/343U) courses beginning 1997.

January confusion

In January, some confusion existed about when grades for core courses 210 and 220 would be released. We erred in not amending the wording in

the Instructions to Candidates to reflect the effect of the recent change in Associateship requirements. In future instructions, confusing wording that may cause uncertainty about when to expect grades for Series 200 courses has been eliminated.

Though the core courses are now required for Associateship, releasing grades for those courses on the same schedule as the multiple choice (120-165) examinations is not possible. The grading process for the written answer papers is labor-intensive and takes considerable time, especially as all borderline papers are graded independently by more than one grader. We recognize that candidates are always impatient to receive their grades, but we believe that the current process guarantees that all candidates receive a fair assessment of their papers.

Statement changes

E&E is changing the statement on the examination application that all candidates must sign. In cooperation with the CAS, CIA, and other joint sponsors and administrators for SOA examinations, the statement is being amended to make it explicit that information about a candidate's results or any action taken because of a candidate's conduct related to the examinations may, at the SOA's discretion, be shared with other bonafide actuarial organizations interested in the results or action.

Travel adventures (continued from page 7)

Exam experience in Budapest

by Michael Crawford

After I earned my ASA designation, I decided to take some time off from work and see the

world. I had worked at a Philadelphia life insurance company for three years. I wanted to get the rest of my exams over soon, but I wanted to avoid "exam burnout." Luckily, the SOA allows students to take exams at overseas locations.

My first question was where to take the exams. I looked at several criteria

when evaluating a possible location to study and take the exam. The location had to have good, trustworthy mail service, because I would be receiving books, study notes, and actuarial materials by mail. Also, I was looking for a country where I would not have to worry about my health, and the location had to be reasonably hassle-free.

I did not want to study in a hot climate or have many distractions. My last criterion was low-cost living.

After considering Prague or Budapest as the location for my first exam, I chose Budapest. After unification, Prague's prices were close to Western standards, and I could not afford to live there. Other considerations in favor of Budapest were the presence of friends I met on my first visit there and a beautiful city full of friendly people, most of whom spoke either English or German.

After I settled in, I went to meet Dr. Gyorgy Michaletzky, who taught at the main Hungarian university, Eötvös Loránd. He was very friendly, spoke excellent English, and agreed to proctor my exams.

Several of the university's math professors were working as consultants to Austrian insurance companies based in Vienna. Evidently, as privatization was just getting started, it was extremely difficult to raise enough capital to start a Hungarian insurance company. So, a few Austrian companies were starting up branches throughout East Europe. One of the main draws was that the proceeds from

state-run social insurances in former Communist countries would be paid in soft currencies that may or may not be worth something in a few years, whereas Austrian policies would be paid in a stable, hard currency, the Austrian schilling.



Michael Crawford takes a break from exams by visiting a castle overlooking Budapest.

Michaletsky also introduced me to the only surviving Hungarian actuary, a distinguished gentleman in his 80s. After the Communists took over, they thought that the title of "actuary" was elitist. There were no more private businesses, and thus no one was accountable for profits or losses.

Consequently, there was no need for actuaries. So, actuaries who had obtained their certification before the Iron Curtain had died or left the country.

Overall, Budapest was a great place to take an exam. About the only problem was trying to find paper goods to make notes with. I had a three-ring binder to keep my study notes in, but the metric system there requires an even number of holes for paper. I also couldn't find any 3" x 5" index cards. My mother airmailed me what must have been the world's most expensive index cards so I could make flash cards.

These problems were made up for by the fact that the best Irish music that I've ever heard was played each weekend at the John Bull Pub, an English chain of pubs that had made its way to Budapest. This is where I met a friend who worked in the Malaysian embassy, who gave me tips that led me to take my next exam in Malaysia.

I believe these experiences have helped prepare me to resume my career with a wide global perspective. **Michael Crawford has finished his travels and is ready to resume an actuarial career. He lives in Richardson, Texas.**

Life specialty guide committee seeks new members

by Peter Duran

The Society of Actuaries publishes specialty guides as a service to members who need a comprehensive reference for a particular topic. They are useful for actuaries who are new to a particular area, are changing their specialties, want to have a complete overview of a particular area, and want to become expert in a particular area.

The first specialty guide, published in 1990, was on "U.S. Taxation of Life Insurance Companies." Since then, the SOA has published 23 guides on many topics, ranging from individual disability insurance to life insurance company investments to GAAP accounting and Canadian pensions.

Specialty guides are more than reading lists. Specialists in the field develop each guide under the direction of an editor. Guides include an overview of the field and of the actuary's role, with a culled list of references with commentary, organized by subtopic. This commentary is a valuable aspect of specialty guides.

The Life Insurance Specialty Guides Committee is responsible for specialty guides on topics covered by this practice area. It is responsible for selecting topics for guides, for overseeing the development of guides, for recruiting editors, and for general quality control. Guides currently under development include reinsurance, dividends and nonguaranteed elements, and demutualization. The committee also envisions a guide for variable life insurance.

We are seeking more volunteers for the Life Insurance Specialty Guides Committee. The annual time commitment is variable but usually is less than 40 hours a year. Anyone who may be interested in serving on the committee should call Linden Cole at the Society office, 847/706-3595 or Peter Duran at his *Directory* number.

J. Peter Duran is a partner in the New York office of Ernst & Young LLP and chairperson of the Committee on Life Insurance Specialty Guides. He can be reached by e-mail at peter.duran@ey.com

ACTUCROSTIC

by DAN REICHERT

- A. Incidental, peripheral 254 185 49 81 226 62 70 9 191 176
- B. Amer. novelist (1804-1864) 150 204 227 97 55 130 171 242 261
- C. Like a defeated incumbent 18 140 108 187 157 79
- D. Bungle 12 196 240 72
- E. Surrounded by 7 160 195 178 152 39 236
- F. Low-budget horse opera (2 wds.) 148 202 2 117 189 84 113 149 29 54
181 210 166 16 60 145
- G. Center of control 4 190 76 156 36 249 48 102 233 23
197 205
- H. Means justifiers 168 89 24 11
- I. Well known 231 207 122 5 128
- J. Lick the envelope again 221 83 129 247 27 106
- K. Alaskan swimmer 14 215 194 177 217 188 73 52 64 104
- L. Popular author Susan 167 170 110 21 192 186 58
- M. Type of insurance policy 37 28 95 184 203 230 257 225
- N. Coleridge's idyllic locale 35 213 155 265 146 121
- O. Most relaxed 229 252 32 109 124 158 41
- P. Post or Lloyd 235 1 161 250 136
- Q. Vigorous, vital 65 44 253 159 133 256 71 163
- R. Holiday correspondence (2 wds.) 59 153 90 118 74 56 143 214 17 144
45 173
- S. Ultimate 239 100 34 127 163 223 134 30
- T. Obsolete, unfashionable 200 138 141 222 259 63 101 123
- U. Anarchy, antinomianism 224 237 132 31 151 69 50 131 99 216 209
- V. Contrary belief 85 212 20 75 93 61 251 228 211 77
- W. Guts, for Forrest? 234 67 47 125 264 241 220 91
- X. Having difficulties (3 wds.) 88 98 3 111 126 248 120 116 139
- Y. She had "It" (2 wds.) 57 172 154 246 13 15 137 43
- Z. Beyond question 147 182 164 26 201 263 135 175 10
- AA. It could be worth millions (2 wds.) 162 115 103 244 92 68 78 8 142 206 46
80 119
- BB. Sequoia 22 245 238 169 66 179 208
- CC. Enable, authorize 107 19 53 258 174 42 82
- DD. Musical dimension? 87 243 193 180 51
- EE. Counteracts 232 33 219 94 105 25 260
- FF. Thug, toughie 199 96 86 218 40 112 165
- GG. Adjectives do this 6 255 262 38 198 114

1P	2F	3X	4G	5I	6GG	7E	8AA	9A	10Z	11H	12D	13Y	14K	15Y	16F	17R	18C	19CC	20V	21L	22BB	23G	24H			
	25EE	26Z		27J		28M	29F	30S	31U		32O	33EE		34S	35N	36G	37M	38GG	39E	40FF	41O	42CC		43Y	44Q	45R
46AA	47W	48G	49A	50U	51DD	52K	53CC		54F	55B	56R	57Y	58L		59R	60F	61V	62A	63T	64K		65Q	66BB	67W	68AA	
69U	70A	71Q	72D	73K		74R	75V		76G	77V	78AA	79C	80AA	81A	82CC	83J	84F		85V	86FF		87DD	88X	89H	90R	
91W	92AA	93V	94EE		95M	96FF	97B		98X	99U	100S	101T	102G	103AA	104K	105EE	106J	107CC	108C	109O		110L	111X	112FF	113F	
114GG	115AA	116X		117F	118R	119AA		120X	121N	122I		123T	124O	125W	126X	127S	128I	129J		130B	131U		132U	133Q	134S	135Z
	136P	137Y	138T		139X	140C	141T		142AA	143R		144R	145F	146N		147Z	148F		149F	150B	151U		152E	153R	154Y	155N
156G	157C	158O	159Q		160E	161P	162AA	163Q		164Z	165FF		166F	167L	168H		169BB	170L	171B	172Y	173R		174CC	175Z	176A	177K
	178E	179BB	180DD		181F	182Z	183S	184M	185A	186L	187C		188K	189F	190G	191A	192L		193DD	194K	195E	196D	197G		198GG	199FF
200T	201Z		202F	203M	204B	205G	206AA	207I	208BB	209U		210F	211V		212V	213N	214R	215K	216U		217K	218FF		219EE	220W	221J
222T	223S	224U	225M	226A		227B	228V	229O	230M		231I	232EE	233G		234W	235P	236E		237U		238BB	239S	240D	241W	242B	243DD
244AA	245BB		246Y	247J	248X	249G	250P	251V		252O	253Q	254A		255GG	256O		257M	258CC	259T	260EE	261B		262GG	263Z	264W	265N

Thanks to those of you who sent in solutions to the October 1995 Actusearch, and congratulations to M. Desmarais, S. Gilmore, J. Herrera, and D. Webster who decoded the secret message, "Actuaries are number one." Watch for news of a contest for puzzle solvers coming soon.

Send solutions to: Puzzle Editor, 753 Revell Crescent, Edmonton, Alberta Canada T6R 2E8