

**TRANSACTIONS OF SOCIETY OF ACTUARIES
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REPORTS ON WORKSHOPS

**I. METHODS OF COMPUTING "NET COST"
FOR ORDINARY LIFE INSURANCE**

MR. MICHAEL B. HUTCHISON: The moderators of the workshops were instructed that it was not the function of the workshops to arrive at any conclusions. We followed these instructions to the letter. As a matter of fact, we managed to find two different ways not to arrive at any conclusions.

One of the workshops included some strong supporters of both the net-cost method as a sales tool and the one-thirtieth method as a theoretical improvement in this tool. The result was that their discussion tended, to a great extent, to become a debate between the opposing points of view. The other workshop, on the other hand, lacked any such "devil's advocates" and seemed to feel generally that the net-cost concept was of dubious value.

With regard to the workshop concept, the opinion was unanimous that this was a good thing and should be continued. The smallness of the group, the absence of the long, long walk to the microphone, and the knowledge that one did not have to speak in triplicate encouraged people to speak out. Participation was pretty close to 100 per cent and should improve in the future. Some of the people in these workshops may not have done their homework in the belief that they would not be called upon to say anything. The workshops can become an accepted part of the Society's programs, especially if more preparation goes into them.

There was divided opinion on the question of whether to let you old fellows participate. The arguments in favor indicated that, first, the more experienced actuary might have more to contribute; second, the older members might represent a different school of thought, which would stimulate debate; and, third, exclusion of the older members would tend to stratify the Society, which is not desirable. On the other side of the coin, it was suggested that the presence of the older members might inhibit the younger members. Once the workshops are established and the younger members come prepared to speak, it should not matter whether the people in the room are old or young as long as the informality of the sessions is retained.

It was suggested that a young moderator was preferable to a more

experienced actuary. The younger members might be able to identify with him. It was felt that it would be a good idea to have only one representative from each company.

Insofar as the topics for discussion were concerned, the two groups were again split. One group thought that the topic of net cost and the one-thirtieth method was ideal, having both a practical and theoretical side and being subject to differing points of view that could generate a great deal of discussion. The discussion of the other group was more or less one-sided, and they thought that the topic was a "dead horse."

At the New Orleans meeting, the moderator mentioned some difficulty in the physical setup. The setup here consisted of an open square, and it seemed to work much better than the long, thin table at New Orleans. Another problem there concerned introductions. A placard with big, black letters on it was used here, and it seemed to work reasonably well as long as the lettering of the actuary was legible.

There were suggestions that sessions similar to workshops might be considered. One type would be a case-study type of workshop, where the members arrive cold and are then given a topic or problem to solve. Another type would be a one-day seminar on a theoretical topic.

II. LIFE AND HEALTH INSURANCE PLANS FOR GROUPS WITH GENERALLY FEWER THAN TWENTY-FIVE LIVES—PLAN DESIGN, SALES VOLUME, UNDERWRITING, AND CLAIM EXPERIENCE

MR. LLOYD G. ROLLERSON: Two workshops were also held yesterday dealing with life and health insurance plans for groups with generally fewer than twenty-five lives. Such things as plan design, sales volume, underwriting, and claims experience were covered. The attendance was quite good. At both workshops most people participated in the discussion, and there was no difficulty at all in sustaining it. The size of the groups appeared to be ideal. It was thought that, while we might have coped with as many as twenty-five people, twenty would be a better maximum to set for any future workshops.

At one of the workshops lists of the registrants were distributed in advance and, in addition, those present marked their names on a cardboard placard in front of them. This did seem to be helpful to the discussion because individuals could then be addressed by name. At the beginning of both workshops each person identified himself and his company and was asked to define the minimum number of lives for which the company wrote group life and health insurance. There was quite a variation in practice. Some companies go no further than ten lives; others considered three lives as a part of their small-group area. The discussion generally followed the outline which had been circulated in advance, but the workshop format allowed flexibility and the discussion was lively.

At the end of the workshops those attending were asked their opinion of workshops. The comments were almost entirely favorable, and it was felt that workshops should be held in the future. At a small workshop, one can meet people and then write to them later if he has questions about their company procedures. New members can learn the practice of other companies at a workshop.

It was suggested that it was important to pick the workshop subject very carefully. Subjects should be chosen that would be of interest and generate discussion. One member stated that he would like to have the workshops staggered on the program so that he could attend more than one. The question of restricting attendance to newer members of the

Society produced no firm conclusion. The attendance of one or two more senior individuals should be helpful as long as they did not tend to dominate the meeting.

To sum up, as a way of meeting other members and getting their points of view, workshops were thought to be the next best thing to receptions. Perhaps the best features of both could be combined in some way.