

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1972 VOL. 24 PT. 1 NO. 70**

**MINUTES OF THE ANNUAL MEETING
of the
SOCIETY OF ACTUARIES**

**HELD AT THE AMERICANA HOTEL
BAL HARBOUR, FLORIDA
OCTOBER 23, 24, AND 25, 1972**

The meeting was called to order by the President, Mr. Robert J. Myers, on Monday, October 23, 1972, at 9:00 A.M. The following is a summary of the attendance at the meeting:

SUMMARY

Fellows.....	1,008
Associates.....	181
Guests.....	58
Total.....	<u>1,247</u>

The President recognized Mr. James E. Hoskins, a Past President of the Society, who has been a Fellow for more than fifty years.

The President welcomed several visitors from overseas: Mr. Thorleif Borge, employed by the Norske Folk in Norway; Mr. Geoffrey Heywood, President of the Institute of Actuaries and cofounder of the International Association of Consulting Actuaries; Mr. Maxwell Lander, a Fellow of the Institute of Actuaries, an Associate of the Society of Actuaries, Chairman of the British Association of Consulting Actuaries, and cofounder of the International Association of Consulting Actuaries; Mr. Arthur J. Steeds, a Fellow of the Institute of Actuaries; and Mr. John Young, President of the Faculty of Actuaries in Scotland.

The President also welcomed Professor David L. Bickelhaupt of Ohio State University, President of the American Risk and Insurance Association.

The President introduced two guests in the audience who would be participating later in the program: Brooks Chandler, Senior Vice-President of Provident Life and Accident Insurance Company, and Dr. Howard E. Winklevoss, Assistant Professor of Insurance and Actuarial Science, Wharton School of Finance and Commerce, University of Pennsylvania.

The President advised that the Society had received word of the death of nine members since the last meeting: Herbert E. Cebelius, George H.

Davis, William H. Kelton, Gordon C. Streeter, and Clifford J. Woodley, Fellows; and John R. Dashwood, Dennis Jackson, John E. Walsh, and Floyd E. Young, Associates. The members observed a moment of silence in respect for the memory of these members. Obituaries are printed in this volume of the *Transactions*.

President Myers then presented Mr. Ernest J. Moorhead, chairman of the Committee on Elections, who gave a brief description of the new system of elections by mail and reported the results of the election as follows:

<i>President-Elect:</i>	Edward A. Lew
	<i>Two-Year Term</i>
<i>Vice-Presidents:</i>	Herbert L. DePrenger Robert T. Jackson
<i>Secretary:</i>	William A. Spare
<i>Treasurer:</i>	John T. Birkenshaw
<i>Editor:</i>	K. Arne Eide
	<i>Three-Year Term</i>
<i>Board of Governors:</i>	Dwight K. Bartlett III William A. Halvorson John C. Maynard Walter N. Miller Stuart A. Robertson Robert C. Winters

Mr. Lew, the new President-Elect, briefly addressed the membership.

The minutes of the regional meeting in Seattle held May 27-28, 1971, as printed in the *Transactions* (XXIII, 189-192 inclusive), the regional meeting in Des Moines held June 3-4, 1971, as printed in the *Transactions* (XXIII, 193-195 inclusive), and the minutes of the annual meeting in Toronto held November 8-10, 1971, as printed in the *Transactions* (XXIII, 679-687 inclusive), were approved.

The Secretary presented an oral summary of the major items of business transacted at the Board of Governors meeting held October 22, 1972, as follows:

1. On recommendation of the Auditor, the Board voted to change the Society's fiscal year to end on July 31 instead of May 31. A fiscal year ending on July 31 more closely coincides with the normal cycle of business activity of the Society, facilitating the closing of the books and permitting more timely preparation of annual financial statements.
2. The Board authorized the President to appoint two special committees,

the first to study the need for a change in the Standard Nonforfeiture and Standard Valuation laws and the second to study the question of preparing and publishing monetary tables which might be required as a result of any changes in the Standard laws.

3. The Board received a report from the Education and Examination Committee setting forth a detailed proposal for the restructuring of the Fellowship examinations. The Board approved the proposal as being appropriate to the needs of the Society but, mindful of the interests of the other actuarial bodies and the desirability of their continued joint sponsorship of our examinations, directed the President to refer the proposal to each of the other actuarial bodies for their consideration, with the request that the President report back to the Board the results of such considerations as soon as possible.
4. The Board approved a change in the committee structure of the Society whereby each committee would be assigned to one of the following five groups:

General
Education
Mortality and Morbidity Studies
Service to Members
Relations with Public

Each of the last four groups will be assigned to a vice-president, who, in a staff relationship, will oversee the work of the committees in his group.

5. The Board approved a recommendation that each local actuarial club be invited to appoint a liaison officer to work closely with the Society.
6. The Board voted to extend invitations to the American Academy of Actuaries, the Casualty Actuarial Society, and the Conference of Actuaries in Public Practice to jointly sponsor all Society examinations not already sponsored and to accept the invitation of the Casualty Actuarial Society to jointly sponsor all of their examinations not now sponsored by our Society. The Canadian Institute of Actuaries and the Fraternal Actuarial Association already sponsor all of our Society's examinations.
7. The Board approved the following dates and places for future meetings of the Society:
 - a) June 9-10, 1977, Stouffer's Riverfront Inn, St. Louis.
 - b) April 10-11, 1978, New York Hilton, New York City.
 - c) May 18-19, 1978, Detroit Hilton, Detroit.
 - d) June 1-2, 1978, Portland Hilton, Portland, Oregon.
 - e) October 23-25, 1978, Hyatt Regency Chicago, Chicago.

The Treasurer summarized the financial report, published elsewhere in this volume of the *Transactions*.

The Executive Director presented his report.

The President then introduced Mr. John M. Bragg, who in turn introduced Dr. Noah Langdale, Jr., President of Georgia State University. Dr. Langdale addressed the membership on the subject "Solving the Human Equation." The President thanked Dr. Langdale.

A recess was called at 10:45 A.M. The meeting reconvened at 11:15 A.M., at which time the President extended a welcome to the new Fellows and Associates who were attending their first meeting of the Society after attaining their present ranks.

President Myers then gave his presidential address, which is published elsewhere in this volume of the *Transactions*.

The President adjourned the meeting at 11:50 A.M.

The meeting reconvened at 2:15 P.M. in a lecture, three concurrent sessions, and eight workshops. The lecture, by Dr. S. Fred Singer, Professor of Environmental Sciences and Member of the Center for Advanced Studies at the University of Virginia, was entitled "Is There an Optimum Level of Population?" Concurrent Session A, "Health Insurance and Health Care," was moderated by Mr. William W. Keffer; panel members were Professor Robert D. Eilers (Professor of Insurance, the Wharton School, and Executive Director of the Leonard Davis Institute of Health Economics) and Messrs. Daniel W. Pettengill and Cecil G. White. Concurrent Session B, "Pension Plans in Perspective," was moderated by Mr. James A. Curtis; panel members were Messrs. James L. Clare, G. Ashley Cooper, Howard H. Hennington, and C. Lambert Trowbridge. Concurrent Session C, "Corporate Diversification—Experience in the United States and Canada," was moderated by Mr. J. Craig Davidson; panel members were Messrs. Robert P. Brady, Howard T. Cohn, Sanford W. Scott, Jr., and Frederick S. Townsend, Jr. Workshop 1A, "Group Survivor Benefits," was moderated by Mr. Robert F. Carbone, assisted by Mr. Richard C. Murphy. Workshop 1B, "Group Survivor Benefits," was moderated by Mr. John G. Turner, assisted by Mr. Richard S. Wolf. Workshop 2A, "Interim Financial Reports," was moderated by Mr. Stephen D. Bickel, assisted by Mr. Louis M. Weisz. Workshop 2B, "Interim Financial Reports," was moderated by Mr. Robert M. Elder, assisted by Miss Elsie E. Schwandt. Workshop 3A, "Current Issues in Pricing Individual Life Insurance," was moderated by Mr. David A. Stonecipher, assisted by Mr. Stephen L. Brown. Workshop 3B, "Current Issues in Pricing Individual Life Insurance," was moderated by Mr. John H. Harding, assisted by Miss Barbara J. Lautzenheiser. Workshop 4A,

"Marketing Problems," was moderated by Mr. Kenneth T. Clark, assisted by Mr. Charles J. Sherfey. Workshop 4B, "Marketing Problems," was moderated by Mr. Robert D. Shapiro, assisted by Mr. David J. Gross. These sessions adjourned at approximately 4:30 P.M.

On Tuesday, October 24, the meeting convened at 9:00 A.M. in four concurrent sessions and eight workshops. Concurrent Session D, "Corporate Models and Corporate Planning," was moderated by Mr. Robert E. Hunstad; panel members were Messrs. William A. Allison, James L. Lewis, Jr., and Joe B. Pharr. Concurrent Session E, "The Economy and Federal Policy," was moderated by Mr. Stuart A. Robertson; panel members were Messrs. James A. Attwood, J. Robert Ferrari (Chief Economist and Director of Investment Research, Prudential Insurance Company), and William C. Hsiao. Concurrent Session F, "New Investment Measures for Pension Funds," was moderated by Mr. Douglas C. Borton; panel members were Messrs. Keith H. Cooper, Harrison Givens, Jr., Kenneth K. Keene, and Robert T. Brehm (A. G. Becker and Co., Inc.). Concurrent Session G, "Variable Life Insurance," was moderated by Mr. J. Ross Hanson; panel members were Messrs. Charles B. Baughman, L. Blake Fewster, and Jerome S. Golden. Workshop 5A, "Underwriting and Issue Expenses," was moderated by Mr. Harry A. Woodman, Jr., assisted by Mr. Norman E. Henricks. Workshop 5B, "Underwriting and Issue Expenses," was moderated by Mr. W. Allan Keltie, assisted by Mr. George F. McNamara. Workshop 6A, "Persistency," was moderated by Mr. David R. Johnston, assisted by Mr. John K. Baker. Workshop 6B, "Persistency," was moderated by Mr. Christopher S. Moore, assisted by Mr. Robert G. Boeckner. Workshop 7A, "Product Controversies—Recent Developments," was moderated by Mr. Jack A. Marshall, assisted by Mr. Robert K. Dickson, Jr. Workshop 7B, "Product Controversies—Recent Developments," was moderated by Mr. Donald R. Sondergeld, assisted by Mr. Paul T. Bourdeau. Workshop 8A, "Capital Gains and Losses," was moderated by Mr. John H. Biggs, assisted by Mr. Norman E. Hill. Workshop 8B, "Capital Gains and Losses," was moderated by Mr. William E. Lewis, assisted by Mr. James F. Reiskytl. These sessions adjourned at approximately 10:45 A.M.

After a brief recess, the meeting reconvened at 11:00 A.M. in a lecture, three concurrent sessions, and eight workshops. The lecture, by Mr. W. James MacGinnitie, was entitled, "The Casualty Actuary's View of Risk." Concurrent Session H, "Consumerism," was moderated by Mr. Ardian C. Gill; panel members were Messrs. Robert G. Boeckner, David R. Carpenter, and Thomas J. Kelly. Concurrent Session I, "Government Regulation of Group Insurance and Group Pensions," was moderated by

Mr. J. Frederick Bitzer; panel members were Messrs. Brooks Chandler (Senior Vice-President, Provident Life and Accident Insurance Company), J. Martin Dickler, and Manuel M. Gorman (Vice-President and General Counsel, Life Insurance Association of America). Concurrent Session J, "Marketing Expense—Those Items Not Directly Allocable: Allocation and Control in Multiline Marketing Systems," was moderated by Mr. Walter W. Steffen; panel members were Messrs. John M. Bragg, Gary E. Corbett, and Joel V. Kamer. Workshop 9A, "Corporate Models and Corporate Planning," was moderated by Mr. William J. Taylor, assisted by Mr. Peter F. Chapman. Workshop 9B, "Corporate Models and Corporate Planning," was moderated by Mr. Wendell C. True, assisted by Mr. Michael Rosenfelder. Workshop 10A, "New Investment Measures for Pension Funds," was moderated by Mr. Rowland E. Cross, assisted by Mr. Kenneth Altman. Workshop 10B, "New Investment Measures for Pension Funds," was moderated by Mr. David R. Kass, assisted by Mr. Robert H. Smith. Workshop 11A, "Individual Disability Income," was moderated by Mr. John H. Flittie, assisted by Mr. Paul R. Fleischacker. Workshop 11B, "Individual Disability Income," was moderated by Mr. John J. Gianino, assisted by Mr. Carl L. Loeffel. Workshop 12A, "Settlement Options," was moderated by Mr. J. Alan Lauer, assisted by Mr. Linden N. Cole. Workshop 12B, "Settlement Options," was moderated by Mr. Virgil D. Wagner, assisted by Mr. William D. Baldwin. These sessions adjourned at approximately 12:30 P.M.

The meeting was reconvened at 2:15 P.M. in a lecture, three concurrent sessions, and nine workshops. The lecture, by Dr. Bill T. Meyer (General Partner, Rohrer, Hibler, and Replogle, Psychologists to Management), was entitled "The Profession of Management." Concurrent Session K, "Adjusted Earnings," was moderated by Mr. Henry B. Ramsey, Jr.; panel members were Messrs. Barton H. Clennon, Gary E. Corbett, Andrew Delaney, and Michael B. Hutchison. Concurrent Session L, "The Profession and the Life Insurance Buyer," was moderated by Mr. Ernest J. Moorhead; panel members were Messrs. Steve P. Cooperstein, J. Stanley Hill, and Robin B. Leckie. Concurrent Session M, "Variable Life Technical Problems," was moderated by Mr. Wilson H. Scott; panel members were Messrs. Ian M. Charlton, Dale F. Ethington, and Edward Scher. Workshop 13A, "Group Life and LTD," was moderated by Mr. Robert A. Nikels, assisted by Mr. A. Douglas Hitchcox. Workshop 13B, "Group Life and LTD," was moderated by Mr. Bruce W. Butler, assisted by Mr. Owen A. Reed. Workshop 14A, "IRS Problems of the Pension Actuary," was moderated by Mr. Theodore J. Kowalchuk, assisted by Mr. Willard A. Hartman. Workshop 14B, "IRS Problems of the

Pension Actuary," was moderated by Mr. A. Norman Crowder, III, assisted by Mr. Gerald I. Wilson. Workshop 15A, "Marketing Expense—Those Items Not Directly Allocable: Allocation and Control in Multiline Marketing Systems," was moderated by Mr. James Lee Lewis, Jr., assisted by Mr. Hugh J. McFarland. Workshop 15B, "Marketing Expense—Those Items Not Directly Allocable: Allocation and Control in Multiline Marketing Systems," was moderated by Mr. Paul A. Finkel, assisted by Mr. J. Clunas F. McKibbin. Workshop 16, "Education of the Pension Actuary," was moderated by Mr. Robert F. Davis, assisted by Mr. John N. Feldtmose. Workshop 17A, "Underwriting," was moderated by Mr. James L. Compere, assisted by Mr. Mel Eisner. Workshop 17B, "Underwriting," was moderated by Miss Linda B. Emory, assisted by Mr. Thomas S. Ferguson, Jr. These sessions adjourned at approximately 4:30 P.M.

The meeting reconvened at 4:30 P.M. in Concurrent Session N, "Participation in Society Activities," moderated by Robert H. Hoskins, with representatives of various Society committees explaining the functions of the committees and answering questions from the audience. The session adjourned at 6:00 P.M.

On Wednesday, October 25, the meeting convened at 9:00 A.M. in four concurrent sessions and seven workshops. Concurrent Session O, "The Future of the Profession," was moderated by Mr. Charles B. Watson; panel members were Messrs. William A. Halvorson, Geoffrey Heywood, F.I.A. (President, Institute of Actuaries), Walter N. Miller, and John Young, F.F.A. (President, Faculty of Actuaries). Concurrent Session P, "Insolvency and Solidity Tests," was moderated by Mr. Richard Humphrys; panel members were Messrs. Richard V. Minck, Robert L. Pawelko, and Neal N. Stanley. Concurrent Session Q, "Marketing/Agency Supervision," was moderated by Mr. Harold G. Ingraham, Jr.; panel members were Messrs. Leonard R. Cargill, Jr., Thomas H. Dancy, and Joseph R. Lawrence. Concurrent Session R, "Casualty Insurance and the Life Actuary," was moderated by Mr. Frederick W. Kilbourne; panel members were Messrs. Roy R. Anderson, Robert C. Gowdy, F.C.A.S. (Manager, Employee Benefit Underwriting, Industrial Indemnity Company), and Frederick J. Knox. Workshop 18A, "Pension Benefit Design and Pricing," was moderated by Mr. Barnet N. Berin, assisted by Mr. Thomas B. Sorensen. Workshop 18B, "Pension Benefit Design and Pricing," was moderated by Mrs. Madge E. Edwards, assisted by Mr. Lynd T. Blatchford. Workshop 19, "Society Mortality and Morbidity Committee Reports," was moderated by Mr. Frederic Seltzer, assisted by Mr. Thomas L. Bakos. Workshop 20A, "The New Money Theory,"

was moderated by Mr. Charles E. Farr, assisted by Mr. Jerry R. McAllister. Workshop 20B, "The New Money Theory," was moderated by Mr. William Daniel Smith, assisted by Mr. James F. Reiskytl. Workshop 21A, "Group Dental Insurance," was moderated by Mr. Alan M. Bayly, assisted by Mr. Gerald W. Griswold. Workshop 21B, "Group Dental Insurance," was moderated by Mr. Vincent W. Donnelly, assisted by Mr. John E. Burnosky. These sessions adjourned at approximately 10:45 A.M.

The meeting reconvened at 11:00 A.M. with President Myers presiding. The President introduced the authors of papers which had been presented at concurrent sessions or workshops earlier in the meeting: Mr. Howard H. Kayton and Mr. Robert C. Tookey, coauthors of "The Merger of Mutual Life Insurance Companies"; Mr. Daniel F. Case, author of "A Uniform Approach to Accounting for Bond and Common Stock Investments"; Mr. John A. Mereu, author of "An Algorithm for Computing Expected Stop-Loss Claims under a Group Life Contract"; Mr. C. Lambert Trowbridge, author of "Cost of Vesting in Private Pension Plans"; and Dr. Harold E. Winklevoss (Assistant Professor of Insurance and Actuarial Science, Wharton School of Finance and Commerce, University of Pennsylvania) and Mr. Arnold F. Shapiro, coauthors of "Estimating the Cost of Vesting in Pension Plans." The authors gave brief summaries of their papers. The President then introduced Mr. John H. Miller, who presented his paper "Some Observations on the Nature of the Risk of Disability, Its Measurement and Control," which he co-authored with Dr. Simon Courant of the Swiss Actuarial Society.

The President then introduced Mr. Edward A. Lew, who presented a report on the Nineteenth International Congress of Actuaries held in Oslo in June, 1972.

Mr. Geoffrey Heywood, President of the Institute of Actuaries, briefly addressed the meeting, bringing greetings from the Institute.

Mr. John Young, President of the Faculty of Actuaries, briefly addressed the meeting, bringing greetings from the Faculty.

President Myers announced that Margaret Hrnacsjar, Administrative Assistant, who for twenty-eight years has been a most valuable member of the office staff of the Society and of one of its predecessor organizations, the American Institute of Actuaries, will reach retirement age in 1973. Mrs. Hrnacsjar was taken ill on her way to the meeting and was unable to attend. The President read the following resolution, which was adopted by the membership: "Resolved, that the Society of Actuaries gratefully recognizes the diligent and loyal service of Margaret Hrnacsjar, rendered since the inception of the Society, at this the last annual meeting at which

she will be giving us her valuable help and wishes her a most speedy and complete recovery from her illness."

President Myers then recognized Mr. Charles B. Watson, who is retiring as Executive Director at the end of October, and thanked him for the valuable service he has performed in pioneering the work of the Executive Director. On behalf of the Society, President Myers presented Mr. Watson a silver tray and set of claret glasses as a token of appreciation.

The President then thanked all the meeting participants, those who had planned the meeting, and those who helped with the details of the meeting. He then turned the meeting over to President-Elect Bowles.

Mr. Bowles called on Mr. Ernest J. Moorhead, who presented a silver tray to Mr. Myers on behalf of the Society in appreciation of his service as President. Mr. Myers expressed his thanks for the gift.

President-Elect Bowles, speaking on behalf of the newly elected officers and Board, the committee chairmen and vice-chairmen, and the committee members, made a commitment of service to the membership during the coming year. He closed the session at 12:25 P.M.

The meeting reconvened at 2:15 P.M. in two teaching sessions and four workshops. Teaching Session I, "Choosing and Justifying an Interest Rate Assumption for New Business," had as lecturers Dr. Robert Chandross (Argus Research Corporation) and Mr. Irwin T. Vanderhoof. Teaching Session II, "Fundamentals of Risk Theory," had as lecturer Dr. James C. Hickman. Workshop 3C, "Current Issues in Pricing Individual Life Insurance," was moderated by Mr. Howard J. Bolnick, assisted by Mr. Roger A. Haslegrave. Workshop 7C, "Product Controversies—Recent Developments," was moderated by Mr. Richard L. Boswell, assisted by Mr. William H. Lewis, Jr. Workshop 9C, "Corporate Models and Corporate Planning," was moderated by Mr. John K. Roberts and Mr. Allan D. Affleck. Workshop 11C, "Individual Disability Income," was moderated by Mr. Richard J. Geisler, assisted by Mr. Peter H. Moeller. These meetings adjourned at approximately 4:30 P.M.

