

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1973 VOL. 25 PT. 1 NO. 72 AB**

MINUTES OF THE REGIONAL MEETING

of the

SOCIETY OF ACTUARIES

**HELD AT THE ST. PAUL HILTON HOTEL
ST. PAUL, MINNESOTA
MAY 24-25, 1973**

The meeting was called to order by the President, Mr. T. P. Bowles, Jr., on Thursday, May 24, 1973, at 9:00 A.M. The following is a summary of the attendance at the meeting:

SUMMARY

Fellows.....	328
Associates.....	238
Guests.....	96
Total.....	<u>662</u>

The President introduced those who were responsible for the preparation of the program and thanked all of the meeting participants and those who planned the meeting.

The President then recognized and welcomed the new Fellows and Associates who were attending their first meeting of the Society after attaining their present ranks.

The President then welcomed Mr. Peter Daly, President of the Fraternal Actuarial Association and an F.S.A.; Mr. Minoru Kitano, Manager, Planning and Research Division, Nippon Life Insurance Company, Tokyo, Japan, and a member of the Institute of Actuaries in Japan; Mr. Yukio Ono, Assistant Manager, Actuarial Division, Dai-ichi Mutual Life Insurance Company, Tokyo, Japan, and a member of the Institute of Actuaries in Japan; Mr. Masakazu Masaki, Meiji Mutual Life Insurance Company, Tokyo, Japan; and Mr. Marius M. van den Heever, South African Mutual Life Assurance Society, Cape Town, South Africa, and a Fellow of the Faculty of Actuaries.

President Bowles welcomed Miss Margaret Hrncsjar to the platform and read a resolution in honor of her pending retirement on May 31. The resolution had been passed by the membership at the Annual Meeting of the Society on October 25, 1972, and is recorded in the minutes of that meeting on pages 548-49 of Volume XXIV of the

Transactions. Miss Hrnecsjar expressed her appreciation for the honor and wished the members well in the future.

The Secretary presented an oral summary of the major items of business transacted by the Board of Governors at its meeting on April 1, 1973, as set forth in the minutes of the Regional Meeting of the Society held on April 2-3, 1973, recorded on page 242 in this volume of the *Transactions*.

The Secretary then presented an oral summary of the major items of business transacted by the Board of Governors at its meeting held on May 23, 1973, as follows:

1. The Board authorized the President to appoint an investigating committee to investigate questions relating to professional conduct of members of the Society arising in connection with the Equity Funding Life case.
2. The Board authorized the Committee on Retirement Plans to collect, edit, and publish a collection of pension plan case studies and authorized the expenditure of an amount not in excess of \$10,000 for this purpose, with the expectation that this expense will later be recovered through sales of the book.
3. The Board authorized an expenditure of an amount not to exceed \$6,000 for the purpose of updating the verbal portion of the Actuarial Aptitude Test.
4. The Board endorsed the principles stated in the Report of the American Academy of Actuaries' Special Committee to Study Certification Problems for Pension Plans, wherein a position of strong opposition is taken to the exposure draft entitled "Audit of Pension Funds" being proposed by the American Institute of Certified Public Accountants.
5. The Board approved the recommendation of the Special Committee on Preparation and Publication of Monetary Values that the Society investigate the feasibility of publishing 1958 CSO monetary values on the basis of 4 per cent interest.
6. Upon the recommendation of the Committee on Professional Conduct, the Board adopted the following addition to the Guides to Professional Conduct, to be numbered paragraph 4(d):
"The member who renders an opinion as to the adequacy of life and health insurance reserves shall be guided by principles established by or in common use within the profession; the member will at all times recognize that the reserves required by statute or the regulations of insurance departments constitute a minimum legal test of

adequacy for the protection of policyholders. When a member characterizes reserves as adequate, he shall either (i) assure himself that they meet any applicable statutory or regulatory standards or (ii) clearly qualify his characterization in this respect, including an explicit statement as to whether the reserves meet such statutory or regulatory standards."

7. The Board discharged with thanks the Committee on Relations between the Society and Actuarial Clubs, since its work has now been completed.
8. The Board voted to discharge with thanks the Society's members on the Joint Committee on Financial Reporting, since the work of that committee has now been completed. This action will be co-ordinated with similar action by the other actuarial organizations represented on the joint committee.
9. The Board authorized the President to appoint an ad hoc committee to consider plans for celebrating the twenty-fifth anniversary of the Society in 1974.
10. The Board approved a meeting of the Society to be held on May 24 and 25, 1979, at the new Crown Center Hotel in Kansas City, Missouri.

The President announced that he and Messrs. E. A. Lew, R. J. Myers, and R. H. Hoskins would represent the Society at a special meeting of the Institute of Actuaries in London on July 1, 1973, in celebration of the one hundred and twenty-fifth anniversary of the founding of the Institute. Other members of the Society attending will be Messrs. M. D. Miller and E. J. Moorhead, representing the American Academy of Actuaries, and Messrs. R. C. Dowsett, S. Eckler, and J. C. Maynard, representing the Canadian Institute of Actuaries. The President displayed the gift of five kachina dolls which will be given by the Society as a gift to the Institute.

The President advised that the Society had received word of the deaths of thirteen members since the annual meeting in Bal Harbour, Florida, in October, 1972: James A. Campbell, Lloyd G. Current, M. Irwin Doxsee, James A. Hamilton, Morton Armstrong Laird, Edward E. Scribner, and Larry T. Steele, Fellows; and Evelyn P. S. Allen, David P. Eakins, S. Robert Hellig, Bernard Jouvin, Robert P. White, and Jacques M. Winters, 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*.

The President introduced the authors of papers being presented at the

meeting; Mr. E. Paul Barnhart, author of "1971 Experience Modification of the 1964 Commissioners Disability Table"; Mr. Lee H. Kemper, author of "Salary-Scale Retroactivity under Retirement Plans"; Mr. Claude Y. Paquin, author of "An Approach to Group Life Conversion Reserves"; Mr. Edward Scher, author of "Variable Life Insurance Asset Shares under the New York Life Design"; and Mr. Peter L. J. Ryall, author of "A Ratio of Interest-adjusted Cost Indexes for the Comparison of Dissimilar Life Insurance Contracts." Mr. Paquin summarized his paper. Other authors presented their papers at various concurrent sessions.

The President then introduced Vice-President D. R. Gustafson, who in turn introduced Dr. Dan M. McGill, Chairman of the Insurance Department, Wharton School of Finance and Commerce, University of Pennsylvania. Dr. McGill addressed the membership on the subject "Pension Regulation: The Need for Federal Legislation." Following the presentation, the President thanked Dr. McGill.

After a brief recess, the meeting reconvened at 11:00 A.M. in three concurrent sessions and five workshops. Concurrent Session A, "Financial Planning for Pension Plans," was moderated by Mr. Shepherd M. Holcombe; panel members were Messrs. Barnet N. Berin, Lee H. Kemper, and Robert T. Tipping. Concurrent Session B, "Effect of No-Fault Auto Insurance on Health Insurance," was moderated by Mr. Roland F. Dorman; panel members were Messrs. Terry S. Jacobs, Frederick J. Knox, and Ernie Michna, Manager of Services and Planning, Blue Cross Association, Chicago. Concurrent Session C, "Profit Levels for Individual Ordinary Insurance," was moderated by Mr. Robert D. Shapiro; panel members were Messrs. John A. Hartnedy, David W. Pray, and E. Brian Staub. Workshop 1, "Underwriting—Current Practices," was moderated by Mr. Maurice E. Comfort, assisted by Mr. James R. Swenson. Workshop 2, "Federal Income Taxation of Life Insurance Companies," was moderated by Mr. Dale R. Kain, assisted by Mr. Norman E. Hill. Workshop 3, "Electronic Calculators for Actuarial Problem Solving," was moderated by Mr. Carmine F. Ricciardelli, assisted by Mr. David G. Halmstad. Workshop 4, "Health Claim Reserves and Refund Liabilities," was moderated by Mr. Royal A. Johnson, assisted by Mr. Jerrold G. Dolins. Workshop 5, "The Interest Assumption for Profit Studies of Nonparticipating Individual Ordinary Insurance," was moderated by Mr. Richard W. Ziock, assisted by Mr. Irwin T. Vanderhoof. These sessions adjourned at approximately 12:30 P.M.

The meeting reconvened at 2:15 P.M. in four concurrent sessions and

five workshops. Concurrent Session D, "Long-Term Implications of AICPA Audit Guide for Life Insurance Companies," was moderated by Mr. James W. Kemble; panel members were Messrs. Harry D. Garber, Ralph H. Goebel, and Ronald A. Karp. Concurrent Session E, "Legal and Actuarial Aspects of 501(c)(9) Trusts," was moderated by Mr. Francis X. Cody; panel members were Messrs. Donald L. Krieg, Richard J. Mellman, and Ethan Stroh. Concurrent Session F, "Group Ordinary," was moderated by Mr. Lloyd G. Rollerson; panel members were Messrs. John L. Cummins, Robert A. Nikels, and Ronald L. Wobbeking. Concurrent Session G, "Price Disclosure and Cost Comparison," was moderated by Mr. Robert N. Houser; panel members were Messrs. Archie R. McCracken, Paul D. Yeary, and Donald B. Maier. Workshop 6A, "Pensions," was moderated by Mr. Thomas H. Jolls, Jr., assisted by Mr. Boyd S. Mast. Workshop 6B, "Pensions," was moderated by Mr. Raymond E. Pinczkowski, Jr., assisted by Mr. William A. Ferguson. Workshop 7, "Regulation of Individual Health Insurance," was moderated by Mr. William A. Feeney, assisted by Mr. E. Paul Barnhart. Workshop 8A, "Actuarial Student Training Program," was moderated by Mr. L. Blake Fewster, assisted by Mr. Jeffrey L. Gathers. Workshop 8B, "Actuarial Student Training Program," was moderated by Mr. Charles E. Rohm, assisted by Mr. Sherwood Z. Smith. These sessions adjourned at approximately 4:30 P.M.

The meeting reconvened at 4:30 P.M. in a special session, "Career Consultation for Actuaries," moderated by Mr. Russell M. Collins, Jr. This session adjourned at 5:30 P.M.

On Friday, May 25, the meeting convened at 9:00 A.M. in three concurrent sessions and seven workshops. Concurrent Session H, "Time Series Analysis and Forecasting," was in the form of a symposium chaired by Dr. James C. Hickman; other members were Messrs. Frank G. Reynolds and Richard W. Ziock. Concurrent Session I, "Individual Life and Health Underwriting," was moderated by Mr. Karl M. Davies; panel members were Messrs. William L. Bogardus, William A. Feeney, Charles A. Wittenberg, and Harry A. Woodman, Jr. Concurrent Session J, "Individual Health Insurance—Problems and Product Trends," was moderated by Mr. Richard W. Erdenberger; panel members were Messrs. E. Paul Barnhart, James T. Colburn, and R. Terry Nelson. Workshop 9A, "Federal Programs—Impact on Private Pension Plans of Legislative Changes," was moderated by Mr. Gerald Richmond, assisted by Mr. Peter H. Pudney. Workshop 9B, "Federal Programs—Impact on Private Pension Plans of Legislative Changes," was moderated by Mr. J. Bruce MacDonald, assisted by Mr. William E. Coffey, Jr. Workshop

10, "Policy Form Design," was moderated by Mr. Maynard I. Kagen, assisted by Miss Karen J. Weiss. Workshop 11A, "Generally Accepted Accounting Principles—Assumptions," was moderated by Mr. Francis P. Lemery, Jr., assisted by Mr. Gary L. Muller. Workshop 11B, "Generally Accepted Accounting Principles—Assumptions," was moderated by Mr. Richard A. Swift, assisted by Mr. John T. Beck. Workshop 12A, "Generally Accepted Accounting Principles—Technical Problems," was moderated by Mr. J. G. Fernand Bonnard, assisted by Mr. William A. Porter. Workshop 12B, "Generally Accepted Accounting Principles—Technical Problems," was moderated by Mr. Richard J. Geisler, assisted by Mr. John A. Skevington. These sessions adjourned at approximately 10:45 A.M.

The meeting reconvened at 11:00 A.M. in three concurrent sessions and five workshops. Concurrent Session K, "Variable Life Insurance," was moderated by Mr. Ian M. Charlton; panel members were Messrs. Edward Scher, Bruce E. Nickerson, and Joseph R. Pickering. Concurrent Session L, "Pollution, Population, and the Quality of Life," was moderated by Mr. Edward A. Lew; panel members were Messrs. John H. Biggs, Newton L. Bowers, Jr., Frederic Seltzer, and Louis Weinstein. Concurrent Session M, "Health Maintenance Organizations," was moderated by Mr. William A. Halvorson; panel members were Messrs. Lloyd F. Matwick and John G. Turner and Dr. Loren N. Vorlicky, President, Board of Directors, Med-Center Health Plan. Workshop 13A, "New Activities for the Pension Consulting Actuary," was moderated by Mr. Fenton R. Isaacson, assisted by Mr. E. John Woolsey. Workshop 13B, "New Activities for the Pension Consulting Actuary," was moderated by Mr. D. James Christie, assisted by Mr. Warren A. Field. Workshop 14A, "New Individual Ordinary Products," was moderated by Mr. John A. Hartnedy, assisted by Mr. Jerome J. McKoskey. Workshop 14B, "New Individual Ordinary Products," was moderated by Mr. Ronald E. Timpe, assisted by Mr. Fred W. Tallman. Workshop 15, "Interim Financial Statements," was moderated by Mr. Roland B. Strickert, assisted by Mr. Wayne E. Bergquist. These sessions adjourned at approximately 12:30 P.M.

The meeting reconvened at 2:00 P.M. in two teaching sessions. Teaching Session I, "Time Sharing," had as lecturers Mr. Allen J. Rose, Scientific Time Sharing Corp., and Mr. David G. Halmstad. Teaching Session II, "Investment Performance," had as lecturers Mr. Donald P. Harrington and Mr. Richard Klemm, Manager, Pension Fund Analysis, American Telephone and Telegraph. These sessions adjourned at approximately 4:30 P.M.