

**TRANSACTIONS OF SOCIETY OF ACTUARIES  
1974 VOL. 26 PT. 1 NO. 76**

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

HELD AT THE MARRIOTT HOTEL  
NEW ORLEANS, LOUISIANA  
OCTOBER 28, 29, AND 30, 1974

The twenty-fifth anniversary annual meeting was called to order by the President, Mr. Edward A. Lew, on Monday, October 28, 1974, at 9:00 A.M. The following is a summary of attendance at the meeting:

SUMMARY

Fellows.....	909
Associates.....	109
Guests.....	125
Total.....	<u>1,143</u>

President Lew welcomed the attendees to the meeting, pointing out that although this was the twenty-fifth anniversary of the founding of the Society, it would also have been the eighty-fifth anniversary of the Actuarial Society of America and the sixty-fifth anniversary of the American Institute of Actuaries, the two predecessor organizations that were merged to form the Society of Actuaries.

President Lew then read a letter of greeting from the Honorable James Fitzmorris, Jr., Lieutenant Governor of Louisiana.

The President then presented Mr. Robert J. Myers, chairman of the Committee on Elections, who reported the results of the election as follows:

<i>President-Elect:</i>	John M. Bragg
	<i>Two-Year Term</i>
<i>Vice-Presidents:</i>	E. Paul Barnhart John C. Maynard
<i>Secretary:</i>	J. Jacques Deschènes
<i>Treasurer:</i>	Anna M. Rappaport
<i>Editor:</i>	K. Arne Fide

<i>Board of Governors:</i>	<i>One-Year Term</i>
	Donald S. Grubbs, Jr.
	<i>Two-Year Term</i>
	John T. Birkenshaw
	<i>Three-Year Term</i>
	Preston C. Bassett
	David R. Carpenter
	Richard Humphrys
	Cecil J. Nesbitt
	William A. Spare
	Charles B. H. Watson

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

The Secretary presented an oral summary of the major items of business transacted at the Board of Governors' meeting held October 27, 1974, as follows:

1. The Secretary informed the Board of the results of the vote on the proposed amendments to Articles II and X of the Constitution to provide for the continuation on a permanent basis of Article X, Public Expression of Professional Opinion. Ballots were sent on July 26 to all 2,566 Fellows of the Society. Completed valid ballots were received from 1,765 Fellows. Votes to amend were cast by 1,618 Fellows, representing 91.7 per cent of the valid votes cast. Therefore the amendments became effective on September 29, 1974, five days after the end of the voting period. (A separate notice of the results of the vote was sent to all members.)
2. The Board approved a change in dates and location of the special-purpose meeting on pensions that had been scheduled for Omaha on June 5 and 6, 1975. Because of a conflict with the College World Series in Omaha on those dates, the hotel space will be inadequate. The meeting has been rescheduled for May 22 and 23 in Cincinnati at the Netherland Hilton Hotel with overflow at the Terrace Hilton. These were the closest available dates to the originally scheduled dates.  
(It will be remembered that earlier this year the Board also approved a change in the dates for the New York meeting to be held next April at the Americana Hotel. The originally scheduled dates were April 10 and 11, 1975. The meeting has been moved one week later to April 17 and 18, at the same hotel.)
3. The Board approved the following dates and places for future meetings of the Society:

- a) Thursday and Friday, May 29 and 30, 1980, Radisson Hotel, Minneapolis, Minnesota
  - b) Thursday and Friday, June 12 and 13, 1980, Del Coronado Hotel, San Diego, California
  - c) Monday-Wednesday, October 20-22, 1980, Queen Elizabeth Hotel, Montreal, Quebec
4. Many questions have been raised with members of the Board by members of the Society with respect to the Equity Funding problem. It is a matter of public record that two members of the Society have recently pleaded guilty to various counts contained in an indictment handed down by the federal grand jury that considered the Equity Funding case.

The matter continues to receive the serious attention of the Board. The Board has been advised by counsel and requested by the United States Attorney's Office to postpone taking additional action until such time as those members who have pleaded guilty have in fact been sentenced. Sentencing is scheduled for February, 1975.

We must keep in mind that Article VII of the Constitution sets forth in detail the procedure to be followed in connection with these matters. The Board has followed and must follow that procedure, including the requirement that all proceedings be deemed confidential and kept secret except as specifically provided for in the Constitution.

5. The Board considered the report of the Society representatives on the Joint Committee on Organizational Coordination, which recommended that a Central Administrative Office for the Actuarial Profession be established in Chicago to perform substantially all staff functions for the Society, the American Academy of Actuaries, the Conference of Actuaries in Public Practice, the Casualty Actuarial Society, and the Fraternal Actuarial Association. The Board adopted the recommendation in principle and directed that timely action be taken for its implementation.

The Board also authorized the President to concur in the establishment of a joint subcommittee to study how the actuarial profession in North America can best be organized.

6. The Board approved the implementation of a revised system of Fellowship examinations, effective in May, 1976. There will be four Fellowship examinations, with two of them given each May and two each November. Three of the examinations will contain individual and group specialty material in addition to basic material to be studied by all candidates. The fourth examination will contain material related to United States and Canadian practices, in addition

to basic material. Details of the new examinations, including transition arrangements for students partway through their Fellowship examinations at the end of 1975, will be announced in the November issue of *The Actuary* and also will be mailed to members.

7. The Board approved a change in the name of the Committee on Aviation. The new name will be the Committee on Aviation and Hazardous Sports, in recognition of the expanded nature of its responsibilities.
8. The Board accepted two reports of the Special Committee on Cost Comparison Methods and Related Issues and approved them for release to the NAIC and the public. The reports, on the subjects of cost comparison methods and dividend philosophies, may be regarded as public expressions of professional opinion. The reports will be discussed during the annual meeting at Concurrent Sessions H and K and Workshops 14 and 15.
9. The Board reviewed the report of the Society representatives on the Joint Committee for an Actuarial Education and Research Foundation or Fund and adopted the following resolution:

Whereas the Board feels that the Society of Actuaries should increase its own research and education activities, but believes that there is a need for a vehicle for solicitation of additional research funds,

Therefore, be it resolved that:

- a) The Society should participate in establishing a Joint Education and Research Fund.
  - b) The control of the fund be under a Board of Trustees consisting of two members appointed by each of the actuarial organizations on the North American continent.
  - c) The Board of Trustees be asked to select one or more pilot projects for solicitation of funds and project implementation but that no executive director or project director be chosen without the concurrence of the executive committees of the sponsoring actuarial organizations.
10. The Board took the following actions with respect to recommendations contained in the report of the Special Advisory Committee on Literature. (NOTE.—Items *a*, *b*, and *c* below were approved by the Board at its meeting on March 24, 1974; the final recommendation, item *d*, was approved by the Board at its meeting on October 27.)
    - a) Approved the establishment of a study-note service under which, for a stated annual fee, the Society would routinely send study notes in an organized form to those members requesting them.

- b) Approved in concept the inauguration of a new publication, the *Record*, which would be devoted largely to the discussion pages that now appear in the *Transactions*.
- c) Approved in concept a change in method for the publication of the *Transactions*, under which the *Transactions* would contain papers and other material of lasting value but would not be tied in with the meeting schedule.
- d) Approved the appointment of a Publications Board and a Coordinator of Publications, specifying that
  - i) Membership of the Publications Board will include, but will not be limited to, the Coordinator of Publications, the editors of Society publications (*Transactions*, *Record*, *ARCH*, *The Actuary*, etc.), and the chairmen of certain standing committees (Education, Continuing Education, Papers, and Review).
  - ii) The Publications Board will be established as an ad hoc committee for a period of two years, at which time consideration should be given to making it a standing committee and to appropriate amendments to the Constitution and Bylaws relative to officerships.
  - iii) The Publications Board will be given the duty of determining which material is to be published and in what form, and will in no way interfere with the operation of other committees.

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

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.

President Lew then recognized the many distinguished guests who were attending the twenty-fifth anniversary meeting, including presidents and official representatives of foreign actuarial organizations, other representatives of foreign actuarial organizations, representatives of the learned professions and government, business leaders of Canada and the United States, and presidents of the other actuarial organizations in North America. (A list of guests is published elsewhere in this volume of the *Transactions*.)

President Lew announced that there are forty-three Fellows of the Society who have been Fellows for fifty years or more. He introduced the following four who were present at the meeting: Messrs. J. Gordon Beatty, James E. Hoskins, Edmund M. McConney, and Paul V. Montgomery.

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

The President advised that the Society had received word of the deaths of nine members since the last meeting: Charles P. Crawford, Harold A. Garabedian, R. George Isen, Ralph Keffer, Robert C. Morrow, G. Robert Mullans, Ralph E. Traber, and Samuel Winn, Fellows; and Gary E. Olson, Associate. 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 Lew then gave his presidential address, which is printed elsewhere in this volume of the *Transactions*.

The President then introduced Dr. Malcolm Moos, President of the Fund for the Republic and Chief Executive Officer of the Center for the Study of Democratic Institutions, Santa Barbara, California. Dr. Moos addressed the membership on the subject "Citizenship as a Profession." The President thanked Dr. Moos.

The President adjourned the session at 11:00 A.M.

The meeting reconvened at 11:30 A.M. in a general session devoted to the subject "Long-Range Prospects for the Profession." Two papers were presented, having been prepared especially for the celebration of the twenty-fifth anniversary of the Society: "The Future of the Actuarial Profession as Viewed in A.D. 1974" by Mr. John M. Bragg, with commentary as to the Canadian point of view by Mr. Cecil G. White; and "Consulting Actuaries in Canada and the United States—1974" by Mr. Samuel Eckler and Mr. Wendell A. Milliman. The papers were discussed by the authors with Mr. Robin B. Leckie as moderator. The session adjourned at 12:45 P.M.

The meeting reconvened at 2:15 P.M. in four concurrent sessions and eleven workshops. Concurrent Session A, "Independence of the Actuary," was moderated by Mr. Edward H. Friend; panel members were Messrs. Dale R. Gustafson and Robert J. Myers. Concurrent Session B, "Problems Posed by United States Pension Legislation," was moderated by Mr. Preston C. Bassett; panel members were Messrs. Edwin F. Boynton, Lynd T. Blatchford, Thomas D. Levy, and Russell J. Mueller. Concurrent Session C, "Registered Equity Products, Including Variable Life Insurance, Variable Annuities, and Mutual Funds," was moderated by Mr. Richard P. Peterson; panel members were Messrs. Robert H. Jordan, Richard W. Pulley, and Sidney Benjamin (Fellow, Institute of Actuaries). Concurrent Session D, "Limits to Growth," was moderated by Mr. Charles B. H. Watson; panel members were Dr. Nathan Keyfitz (Center

for Population Studies, Harvard University), Professor Herman E. Daley (Department of Economics, Louisiana State University), Mr. David S. Williams, Mr. Richard Burkhart (Canadian Department of External Affairs, Secretary of Canadian Delegation to 1974 United Nations World Population Conference), and Mr. John A. Busterud (Member, President's Council on Environmental Quality). Workshops 1A, 1B, 1C, 1D, and 1E were held on the subject "Agency Compensation"; Workshop 1A was moderated by Mr. Stephen F. Kraysler, assisted by Mr. Joseph R. Brzezinski; Workshop 1B was moderated by Mr. Stephen D. Bickel, assisted by Mr. Frederick E. Raach; Workshop 1C was moderated by Mr. John P. van Keuren, assisted by Mr. Michael C. Altschuler; Workshop 1D was moderated by Mr. Donald F. Clement, assisted by Mr. H. Todd Morris; Workshop 1E was moderated by Mr. Robert H. Dreyer, assisted by Mr. John W. H. Taylor. Workshops 2A, 2B, and 2C were held on the subject "Group Dental Benefit Plans"; Workshop 2A was moderated by Mr. Matt B. Jones, Jr., assisted by Mr. Milton H. Wollman; Workshop 2B was moderated by Mr. Vincent W. Donnelly, assisted by Mr. John C. Hickey; Workshop 2C was moderated by Mr. Peter L. Hutchings, assisted by Mr. Charles L. Walls. Workshops 3A, 3B, and 3C were held on the subject "Individual Life Insurance Underwriting Topics"; Workshop 3A was moderated by Mr. Harry A. Woodman, Jr., assisted by Mr. David T. Warner; Workshop 3B was moderated by Mr. Charles A. Ormsby, assisted by Mr. Edward N. Fleischer; Workshop 3C was moderated by Mr. Allan R. Johnson, assisted by Mrs. Linda B. Emory. These sessions adjourned at approximately 4:45 P.M.

On Monday evening the Twenty-fifth Anniversary Banquet was held, at which time anniversary greetings were received from the other actuarial organizations in North America. A description of the proceedings at the banquet is published elsewhere in this volume of the *Transactions*.

On Tuesday, October 29, the meeting reconvened at 9:00 A.M. in a teaching session, four concurrent sessions, and eight workshops. Teaching Session I, "Gross Premiums for Nonparticipating Insurance," had as lecturer Mr. Richard S. Robertson. Concurrent Session E, "Maintenance of High Standards in a Profession," was moderated by Mr. Robert J. Myers; panel members were Messrs. Edwin J. Holman (Secretary, Judicial Council, American Medical Association), Lyman M. Tondel, Jr. (Member of the Firm, Cleary, Gottlieb, Steen & Hamilton), Clifford E. Graese (Partner, Peat, Marwick, Mitchell and Co.) and John C. Maynard. Concurrent Session F, "Expanding the Actuary's Horizons to the Evaluation of a Broader Range of Risks," was moderated by Mr. John Haynes Miller; panel members were Messrs. R. Morton Darrow (Vice-

President—Planning and Analysis, Prudential Insurance Company of America), Francis Guaschi (Fellow, Institute of Actuaries), J. Craig Davidson, and Morrison H. Beach. Concurrent Session G, "Living with Worldwide Inflation," was moderated by Mr. Robert T. Jackson; panel members were Messrs. Ashby Bladen (Senior Vice-President—Investments, the Guardian Life Insurance Company of America), Fergus J. McDiarmid, John M. Bragg, and James B. H. Pegler (Fellow, Institute of Actuaries). Concurrent Session H, "Life Insurance Dividends in Theory and Practice," was moderated by Mr. Dale R. Gustafson; panel members were Messrs. David R. Johnston, Robert C. Winters, and Ian M. Rolland. Workshop 4, "Controlling Life Insurance Replacements," was moderated by Mr. Richard W. Vautravers, assisted by Mr. David G. Hurlbut. Workshops 5A, 5B, and 5C were held on the subject "Current Problems in Funding Pensions with Individual Policies"; Workshop 5A was moderated by Mr. Harold G. Wiebke, assisted by Mr. Ronald D. Brannock; Workshop 5B was moderated by Mr. William K. Steiner, assisted by Mr. Joseph R. Galko; Workshop 5C was moderated by Mr. Donald R. Sondergeld, assisted by Mr. William H. Lewis, Jr. Workshops 6A, 6B, and 6C were held on the subject "Group Insurance"; Workshop 6A was moderated by Mr. John G. Turner, assisted by Mr. Dennis J. Whimpey; Workshop 6B was moderated by Mr. Joseph W. Moran, assisted by Mr. George Brummer; Workshop 6C was moderated by Mr. William L. Bogardus, assisted by Mr. Russell Henry. Workshop 7, "Actuarial Aspects of Insurance Regulation," was moderated by Mr. William A. White, assisted by Mr. John O. Montgomery. These sessions adjourned at approximately 11:00 A.M.

The meeting reconvened in a general session at 11:30 A.M., at which time Mr. Robert B. Mitchell, former editor of the *National Underwriter* (Life and Health Edition), presented his book *From Actuarial to Actuary: The Growth of a Dynamic Profession in Canada and the United States* which he had been commissioned to write especially for the twenty-fifth anniversary of the Society. The book was then discussed by a panel moderated by Mr. Victor E. Henningsen; panel members were Messrs. J. Gordon Beatty, Wendell A. Milliman, Henry F. Rood, Andrew C. Webster, and the author. The session adjourned at 12:30 P.M.

The meeting reconvened at 2:15 P.M. in a teaching session, three concurrent sessions, and ten workshops. Teaching Session II, "EDP—Resource Management and Project Development," had as lecturers Messrs. William M. Peloso (Productivity, Marketing and Requirements Manager, IBM Corporation) and David P. Martin. Concurrent Session I, "International Trends in Employee Benefit Plans," was moderated by



Mr. G. Ashley Cooper; panel members were Messrs. J. G. Haslam (Fellow, Institute of Actuaries) and F. Eugene Smith. Concurrent Session J, "The Actuary as a Professional," was moderated by Mr. William A. Halvorson; panel members were Messrs. Geoffrey Heywood (Fellow, Institute of Actuaries), John T. Birkenshaw, Charles B. H. Watson, and John C. Angle. Concurrent Session K, "Life Insurance Price Disclosure and Cost Comparison Methods," was moderated by Mr. Bartley L. Munson; panel members were Mr. Lee H. Kemper, Mrs. Daphne D. Bartlett, and Mr. Ian M. Rolland. Workshops 8A, 8B, and 8C were held on the subject "Individual Health Insurance Regulatory Developments"; Workshop 8A was moderated by Mr. David C. Daulton, assisted by Mr. Morton B. Hess; Workshop 8B was moderated by Mr. William A. White, assisted by Mr. Steven A. Harrold; Workshop 8C was moderated by Mr. Richard G. Murdock, assisted by Mr. Randall P. Mire. Workshops 9A, 9B, 9C, 9D, and 9E were held on the subject "Pension Legislation"; Workshop 9A was moderated by Mr. Dean A. Wahlberg, assisted by Mr. Murray L. Becker; Workshop 9B was moderated by Mr. Walter L. Grace, assisted by Mr. Thomas H. Jolls, Jr.; Workshop 9C was moderated by Mr. Richard Daskais, assisted by Mr. David Langer; Workshop 9D was moderated by Mr. Carl R. Ohman, assisted by Mr. Vincent M. Tobin; Workshop 9E was moderated by Mr. Rowland E. Cross, assisted by Mr. David P. McLean. Workshop 10, "Solvency Regulation and Guaranty Fund Legislation, with Respect to Life and Health Insurers," was moderated by Mr. William Gould, assisted by Mr. John M. Burleigh. Workshop 11, "Registered Equity Products," was moderated by Mr. Hugh E. Stephenson, assisted by Mr. Phillip A. Eisenberg. These sessions adjourned at approximately 4:45 P.M.

On Tuesday evening a reception was held during which gifts were presented to the Society on the occasion of its twenty-fifth anniversary by a number of the other actuarial organizations. President Lew received the gifts on behalf of the Society members and thanked the organizations for their thoughtfulness. An enumeration of the gifts is published elsewhere in this volume of the *Transactions*.

On Wednesday, October 30, the meeting reconvened at 9:00 A.M. in three concurrent sessions and eleven workshops. Concurrent Session L, "Expanding the Actuary's Horizons in the Management of Investments for Long-Range Risks," was moderated by Mr. Henry F. Rood; panel members were Messrs. Robert N. Houser, William A. Dreher, C. M. O'Brien (Fellow, Institute of Actuaries), and George T. Westwater (Fellow, Faculty of Actuaries). Concurrent Session M, "Accepted Actuarial Practices for Pension Plans," was moderated by Mr. George B. Swick;

panel members were Messrs. M. David R. Brown, Howard H. Hennington, and Thomas P. Bleakney. Concurrent Session N, "Transition Problems Facing a Life Insurer Acquiring a Property and Casualty Insurance Company," was moderated by Mr. J. Edwin Matz; panel members were Messrs. LeRoy J. Simon (Fellow, Casualty Actuarial Society), Charles C. Hewitt, Jr. (Fellow, Casualty Actuarial Society), and Roy A. Anderson. Workshops 12A and 12B were held on the subject "Trends in Annuitant Survival"; Workshop 12A was moderated by Mr. Courtland C. Smith, assisted by Mr. William G. Osenton; Workshop 12B was moderated by Mr. Harold Cherry, assisted by Mr. Martin S. Huey, Jr. Workshops 13A and 13B were held on the subject "Credit Life and Health Insurance"; Workshop 13A was moderated by Mr. William L. Hoop, assisted by Mr. Jerrald B. Axelrod; Workshop 13B was moderated by Mr. Donald E. Kennedy, assisted by Mr. John M. Loftis. Workshops 14A and 14B were held on the subject "Individual Life Insurance Dividends"; Workshop 14A was moderated by Mr. Richard M. Stenson, assisted by Mr. Theodossios Athanassiades; Workshop 14B was moderated by Mr. Walter N. Miller, assisted by Mr. Martin L. Zeffert. Workshop 15, "Life Insurance Price Disclosure and Cost Comparison Methods," was moderated by Mr. Marshall H. Lykins, assisted by Mr. Lowell H. Lamb. Workshops 16A and 16B were held on the subject "The Consulting Actuary as a Professional"; Workshop 16A was moderated by Mr. A. Norman Crowder III, assisted by Mr. D. James Christie; Workshop 16B was moderated by Mr. Charles B. H. Watson, assisted by Mr. Keith H. Cooper. Workshops 17A and 17B were held on the subject "The Actuary as a Professional—Insurance"; Workshop 17A was moderated by Mrs. Anna Maria Rappaport, assisted by Mr. Dwight K. Bartlett III; Workshop 17B was moderated by Mr. Clayton A. Cardinal, assisted by Mr. Harry M. Sarason. These sessions adjourned at approximately 10:45 A.M.

The meeting reconvened in a general session at 11:15 A.M.

The minutes of the regional meeting in Philadelphia, Pennsylvania, held on April 2-3, 1973, as printed in the *Transactions* (XXV, 241-245 inclusive), the regional meeting in St. Paul, Minnesota, held on May 24-25, 1973, as printed in the *Transactions* (XXV, 247-252 inclusive), the regional meeting in San Francisco, California, held on June 7-8, 1973, as printed in the *Transactions* (XXV, 253-257 inclusive), and the annual meeting in New York, New York, held on October 1-3, 1973, as printed in the *Transactions* (XXV, 709-717 inclusive), were approved.

The President then introduced the authors of papers being presented at the session: Mr. Ken E. Polk, author of "Variable Premium Life Insurance"; Mrs. Anna M. Rappaport, author of "Consumerism and the

Compensation of the Life Insurance Agent"; Mr. Edward Scher, author of "Relationships among the Fully Continuous, the Discounted Continuous, and the Semicontinuous Reserve Bases for Ordinary Life Insurance"; Mr. Donald R. Sondergeld, author of "Earnings and the Internal Rate of Return Measurement of Profit"; and Mr. Raymond L. Whaley, author of "Taxation of Insurance in Canada. II." With the exception of Mr. Scher, who was unable to be present, the authors gave brief summaries of their papers.

President Lew then made an announcement intended for members of the United States Section of the International Actuarial Association to the effect that the dates for the submission of titles of papers and for the actual submission of the papers for the 1976 International Congress had been moved forward; specifically, United States members of the International Actuarial Association who intend to prepare a paper for the 1976 Congress should send a written notice of the proposed title of their paper to Mr. R. J. Myers, chairman of the Committee on Papers for the 1976 Congress of the United States Section of the International Actuarial Association, by December 31, 1974. The final papers must be submitted to Mr. R. J. Myers by March 1, 1975. Members of the Canadian Section of the International Actuarial Association were advised to get in touch with Mr. Laurence Coward, who is the chairman of the Committee on Papers for the 1976 Congress of the Canadian Section of the International Actuarial Association.

The President then read several congratulatory letters as representative of those received from many persons who were unable to attend the twenty-fifth anniversary meeting.

President Lew then thanked the Board and the membership for their work and support during his year as President. He then turned the meeting over to President-Elect Trowbridge.

Mr. Trowbridge called on Mr. Robert J. Myers, who presented a silver tray to Mr. Lew on behalf of the Society in appreciation of his services as President. Mr. Lew expressed his thanks for the gift.

After briefly addressing the membership, Mr. Trowbridge closed the session at 12:20 P.M.

# INDEX