



SOCIETY OF ACTUARIES

Article from:

# The Financial Reporter

December 2004 – Issue 59

# FROSTies and FRUMPies



The secret panel of judges has met repeatedly and has determined the prizes for articles to be given out at the section breakfast at the annual meeting in New York (which should have already happened by the time you read this). I have been sworn to secrecy and given this information before its public announcement, so that I could write about it for the December issue of *The Financial Reporter*. For the benefit of those who do not attend the section breakfast, and to further honor our authors, I am

delighted to devote this article to the first FROSTies and FRUMPies.

I have just used two terms that have never appeared on an actuarial exam syllabus or probably in any publication. “FROSTies” are prizes for Financial Reporter Outstanding Treatises and “FRUMPies” are the prizes for Financial Reporter Uniquely Memorable Papers. In time, the distinction between these terms will undoubtedly become household knowledge. These terms were suggested to our distinguished panel of judges by Paul Margus of Berkshire Life, who was consequently honored by being awarded the first Honorary FRUMPie (Not much work for an award—way to go, Paul!)

## FROSTies

Winners of the FROSTies receive a token check and one or more “custom” prizes that are symbolic of their contribution or their article. It is not yet known what custom prizes will actually be awarded, since the resources and abilities of our vast procurement department have not yet been tested. I will describe the prizes that the judges have stated might be awarded to them. As is often the case, I suspect that reality may vary from actuarial assumption.

Let the drum roll begin as I announce the five FROSTies. The “Meat and Potatoes” award is given to **Carl Friedrich** and **Kent Scheiwe** for their article in the August issue, “Design, Pricing, and Reserving Considerations for Universal Life Secondary Death Benefit Guarantees.” This article is a good example of the meat and potatoes that most actuaries need on a regular basis. In recognition of their article, they might receive a pair of suspenders, a symbol to some of a *secondary* guarantee.

**Mike Lesar** receives the “Duct Tape” award for cleverly fixing a circularity problem of SOP 03-1 in his article in

the August issue, “Resolution of Circularity Issues in SOP 03-1.” This article easily lends itself to a number of prizes. Without imagination or a big budget, we can give him a roll of duct tape. A slinky is reminiscent of circularity. Also appropriate is a Mobius strip covered with formulas from his formula-laden article.

The “Tool Box” award goes to **William Horbatt** for describing the current thinking about how to pack a tool box for embedded value in his article in the December issue, “European CFO Embedded Value Guidelines.” Obviously a toolbox (probably a toy) should be awarded, and a euro is also appropriate for this article.

**Vincent Tsang** and **David Heavilin** win a “Meat and Potatoes” award for their three-part series about SOP 03-1, “Practical Considerations for Implementing the New Statement of Position for Long Duration Contracts and for Separate Accounts.” This series probably provided enough meat and potatoes for an expedition. In recognition of this series, they should receive a roll of kite string, whose length represents the long duration contracts.

Our final FROSTie (the order is not significant) is the “Laser” award, which goes to (drum roll) **Don Solow** for effectively focusing on a specific, well-defined target: a problem with the IASB’s approach to the fair value of liabilities. His award-winning article in the December issue was titled, “On the Fair Value of Insurance Liabilities.” The Laser will garner him a laser pointer or a magnifying glass. He also receives a “Provocative” award (in the positive sense of the word) for the effect of his article.

## FRUMPies

Recognizing that I am on track to write a “long duration letter from the editor,” I will try to pick up the pace as I announce the 11 FRUMPies.

**Ken Hartwell** receives the “Father Knows Best” award for presenting good “fatherly” advice about data quality that every young actuary needs to hear—and every not-so-young actuary needs to remember—“Data Quality” in the August issue. The best prize we could give Ken is a tape of “Father Knows Best,” but we’ll probably have to settle for a “Dear Abby” column.

The “Short and Sweet” award goes to **Max Rudolph** and **Valentina Isakina** for their short and easy-to-read article in the May issue about the ALM specialty guide. What could be better for them than a small box of chocolates.



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A simple “thank you” would no doubt be appreciated, even without profound thought or creative phrase.

**John Morris** walks away with the “Fram” award for his useful article in the December issue about replacements (the SOP about internal replacements). Of course, he will get a Fram oil filter.

The “Marathon Man” award clearly belongs to **Vincent Tsang** for writing the most words (parts 2 and 3 of the long duration SOP with runner-up David Heavilin and stochastic embedded value, in the December issue, with Carol Marler). The appropriate prizes are numerous. Ideally, we would find an Energizer bunny to present to Vincent. Surely he will receive a copy of War and Peace and a photo of the Olympic marathon.

**Ed Robbins** wins an “Eat Your Veggies” award for his article in the May issue about statutory deferred taxes. Some things are simply important for your health. Ed will receive a can of mixed vegetables and an IRS form for filing an extension (since the article is about *deferred* taxes).

The “Appetizer” award is delivered on a beautiful platter to **Mike McLaughlin, Mark Freedman and Ludovic Antony** for preparing us for international accounting in the February issue. Their efforts should earn them maps of the world or small globes.

**Mike Lesar** wins the “Supercalifragilisticexpialadocious” award for the most formulas per word in his article about circularity in SOP 03-1 in the August issue. To top it off, he also receives a “Heinz 57” award for having a sentence with more than 57 words. Of course, the first award merits a tape of “Mary Poppins,” and the second merits a bottle of Heinz 57. . I will leave it to someone else to study how much we should contribute to the Bush campaign to offset the political effect of this purchase. I do not promise to publish such a study in an upcoming issue.

It is only fitting that **Ted Schlude** receive the “Watchdog” award for continually and faithfully keeping us posted about what is happening at the NAIC, most recently in the May issue. No doubt he will treasure a glossy photo of a German shepherd to place behind his desk at work. Or perhaps he will have a greater attachment to a pair of binoculars, a symbol of his watchfulness.

The “Sportsmanship” award goes to **David Heavilin**. The eagle eyes of the section may have noticed that his biographical information was printed incorrectly in two different ways in the first two articles of the series about the long duration SOP with Vincent Tsang. Nevertheless, David showed his sportsmanship and persistence by co-authoring the third article in the series (and we got it right). This shows that, “The third time’s a charm,” so I think there will be a charm in David’s

future. He should also receive a change of address card and a supply of business cards. In order to ensure that the business cards are correct, they will simply say, “David.”

**Laura Hay** and **Rick Browne** earn an “Eat Your Veggies” award for their article about complying with Sarbanes-Oxley (SOX) Section 404 in the December issue. Some things are simply important for your health. In addition to a can of mixed vegetables, they should receive a pair of socks. I wish that, in addition, I could give everyone who is working to comply with Section 404 an antacid.


A “Provocative” award is being awarded to **Carol Marler** for her article “One Right Answer” in the May issue. She will also receive a blank SOA answer booklet for essay exams. Carol wrote, “in order to get the right answers, it is necessary to ask the right questions.” Now she can ask the right question and give the right answer.

## Conclusion

Yes, an article such as this can have a conclusion. As we joke about characteristics of various articles, we can’t help but realize how much good there is in those pages that we receive once a quarter – because these authors spent their time to organize and present their thoughts to us. I hope these prizes give them some laughs and some good memories. Whether or not the prizes were duds and the comments fell flat, I think that the biggest prize goes to ALL the authors, and that is the satisfaction of knowing that by sacrificing time and energy, you have made our profession and our world better.

I hope that our readers will occasionally thank an author for what he or she has written. E-mail is fast and cheap. A simple “thank you” would no doubt be appreciated, even without profound thought or creative phrase.

I give my personal thanks to the authors for their insights, time and effort in writing, and for their patience with the editing process. In addition, I want to thank the judges and the procurement department for their work. You know who you are! Finally, I hope that some people reading this will consider giving the effort to write an article for a future issue of *The Financial Reporter*.

We hope these awards provide an additional acknowledgement and reward for these authors who have generously contributed their time and effort in writing articles for *The Financial Reporter*, and will perhaps encourage some of you to try your hand! 

—Jerry