



SOCIETY OF ACTUARIES

Article from:

The Actuary

March 1967 – volume 1 - Issue 1

EDUCATION AND EXAMINATION COMMITTEE REPORT

by Julius Vogel

The rapid increase in enrollment in the early 1960's for the early examinations is showing up in the registration for the Fellowship examinations. To handle the larger enrollments for the later examinations, the Education and Examination Committee has introduced new procedures.

Multiple choice questions, which now take up the entire examination sessions for Parts 1, 2, and 3, have been added to several hours of Parts 5 through 8. Detailed statistical analysis of the results of the multiple choice questions by Educational Testing Service leads the Education and Examination Committee to believe that, on each Part, these questions can separate the well prepared from the poorly prepared students.

Many ingenious forms of multiple choice questions have been devised in an effort to have the questions test understanding rather than mere memorizing.

Another innovation which has been found effective in handling the larger number of papers is centralized grading of the essay questions on Parts 4 through 8. In operation, the Committee members usually complete the first reading before the centralized grading session begins. The second and third readings take place in a three or four day session attended by all the members of the Part Committee involved.

The session begins on a Thursday about three weeks after the examination is held and lasts through Saturday or Sunday. In addition to shortening the time devoted to grading the papers, the centralized grading procedure enables the Committee members to become better acquainted and, of course, it allows grading differences to be resolved quite readily. The results become available much sooner after the examinations than would otherwise be possible and, because of this, last year it was possible to publish the results for Parts 4 and 5 together with those for Parts 1, 2, and 3.

The students' records are being put on tape which will have great advantages in making analyses of the results of the Society's examination program.

Although this brief account has been

concerned so far exclusively with examination matters, the Education and Examination Committee believes its main function is education and not examination. The syllabus has to be kept up to date but, at the same time, it must be recognized that there are practical limits to the volume of study material that can be included. Further, the Education and Examination Committee, with the Advisory Committee, must continually keep in mind whether the necessarily limited syllabus embraces the most important techniques that the actuary of the future should have available to him.

ACCOUNTING FOR PENSIONS

A special form is being prepared to comply with Opinion No. 8 of the American Institute of Certified Public Accountants. The form is for auditors to use when requesting necessary information from actuaries with respect to pension plans. This is one of the developments in the continuing review of accounting for pension costs revealed during a meeting of the American Pension Conference on Tuesday, March 7.

The main discussion was in the form of a dialogue between Mr. Frederick P. Sloat, a Fellow of the Society of Actuaries, and Mr. Ernest Hicks, a Certified Public Accountant. Both are associated with large national accounting firms. Mr. Hicks is the author of Research Study Number 8 "Accounting for the Cost of Pension Plans." (See TSA XVII, 575).

Although not explicitly discussed during the meeting, the question of the relative responsibility of the actuarial and accounting professions underlay many of the remarks of the two speakers. Mr. Hicks acknowledged that accountants will have to rely more fully on the actuaries for judgments within the area of pension cost determination. Mr. Sloat pointed out the necessity that actuaries learn to work closely with accountants because of the areas in which the professional competence of the two groups overlap.

The problems of materiality received considerable attention in a discussion by Mr. Hicks, but no concrete guidelines were given to guide actuaries or accountants in this area. The question of materiality is one of judgment that will have to be made separately for each individual situation.

N. Y. HEALTH BILL

(Continued from page 1)

benefits by \$145 million from the present \$610 million to an estimated \$755 million.

The bill would require that health insurance plans provide at least the following basic benefits for covered employees and their dependents:

- Semi-private hospital accommodations for a period of 31 days.
- Customary hospital services such as X-ray, operation room, oxygen, drugs and blood.
- Maternity and obstetrical benefits up to \$200.
- In-hospital medical-surgical benefits with the patient paying the first \$50 of cost and 20% of the additional cost.

Premiums would be divided equally between employer and employee, but in no event would the employee's contribution exceed 2% of his salary. Employers may pay the entire cost of the coverage if they so elect. Any group of fewer than 250 employees would be rated on a community basis.

As is true with the present Disability Benefits Law, other benefits may be provided in lieu of the required benefits if they are equivalent to the legislated benefits. Furthermore, coverage would not be required for persons who are eligible for Medicare, although an employee's eligibility for Medicaid would not affect his coverage under the mandatory program.

The insurance would be written by private insurance companies with provision for self insurance and for coverage through employer or employee benefit plans and health centers. Various aspects of the program would be supervised by the Workmen's Compensation Board, the Department of Health, and the Insurance Department.

Food For Thought

By 1975, the population of the United States and its outlying areas will total between 227 and 229 millions; by the year 2000, this will reach between 301 and 323 millions, according to the Office of the Actuary. It is also estimated that the population at ages 65 and over will come within 22.0 and 22.3 millions by 1975 and within 29.6 and 31.8 millions by 2000.