



SOCIETY OF ACTUARIES

Article from:

The Actuary

October 1967 – volume 1 - Issue 6



The Actuary

The Newsletter of the Society of Actuaries

VOLUME 1, No. 6

OCTOBER, 1967

NATIONAL CONFERENCE ON PRIVATE HEALTH INSURANCE

The purpose of this conference was to explore the potential of private health insurance to provide more comprehensive coverage to a still larger proportion of the population, perhaps with encouragement by model state laws, and to develop more alternatives to hospital care. As it turned out, the discussion centered principally on the refinement of goals and the problems in reaching them.

The conference, which met in Washington on September 28 and 29, was called by Secretary Gardner of the Department of Health, Education, and Welfare. It was a sequel to the National Conference on Medical Costs held in June, and reported in the September issue of *The Actuary*.

Of the 60 invited participants, 16 represented insurance companies, among whom were several members of the Society. Other participants represented the Blue plans, employers, organized labor, hospital administrators, State Insurance Commissioners, and the Medicare program. Seven background papers were prepared and distributed in advance of the meeting, including one on "State Laws and Health Insurance" by Allen Mayerson.

Need for Change

The participants recognized that private health insurance is facing new circumstances, including a need for some changes in the present system of providing health care. Among the influences toward a shift is the transition in emphasis from acute care to chronic and long-term care, the mental health problem, and the growing significance of preventive care. In the light of these developments, the view was expressed that research and experiment with various methods for the delivery of health care are

(Continued on page 4)

LONGEVITY IN THE BIBLE

by Arthur Pedoe

Some time ago, presenting a paper on mortality trends, I quoted the well-known Psalm 90 verse 10, of man's life span: three score and ten. I quoted the version given in the Church of England Prayer Book and the scrutineer, a well-known authority on vital statistics, suggested I use the King James Authorized Version. The problem was solved by omitting the quotation from the paper as finally published. I did not know at that time, neither I am sure did the scrutineer, that the version quoted was from the Great Bible of 1539 and thus predated the King James Version of 1611 by over seventy years. The version of the Psalms as rendered in the Great Bible was so much preferred that, to this day, the King James Version does not appear in the Prayer Book of the Anglican Communion throughout the world.

The Prayer Book version of Psalm 90 verse 10 reads:

The days of our age are threescore years and ten; and though men be so strong that they come to fourscore years: yet is their strength then but labour and sorrow; so soon passeth it away, and we are gone.

The King James version does not differ in meaning and the last 10 words are rendered: "for it is soon cut off and we fly away." If the meaning of "fly" is to move swiftly and silently, the change in wording is not material.

In the Revised Standard Version (1952) which has attained a wide circulation in the United States and Canada, Psalm 90 verse 10 is given as:

The years of our life are three score and ten, or even by reason of strength fourscore; yet their span is but toil and trouble; they are soon gone, and we fly away.

(Continued on page 8)

FEDERAL INCOME TAX DECISIONS IN TWO CASES

by George H. Davis

Of the long list of questions which have arisen under the Life Insurance Company Income Tax Act of 1959, only a few so far have advanced to the point where they have become the subject of court decisions. Over the next few years it is to be expected that many of the points will be the subject of court action.

The summer of 1967 has already seen District Court Decisions in two cases involving a number of questions, including several which have been of concern to a considerable number of companies.

The cases were those of the Franklin Life Insurance Co., decided June 15, 1967, by the District Court for the Southern District of Illinois, and the Jefferson Standard Life Insurance Co., decided Aug. 15, 1967, by the District Court for the Middle District of North Carolina. The tax returns of the Jefferson Standard which were the subject of the litigation were consolidated returns for itself and its subsidiary, Pilot Life Insurance Co.

Several questions in the two cases were the same, although the specific facts involved in some were different. But there was little consistency between the decisions of the two Courts.

In the Jefferson Standard case the Court stated it had dispensed with its customary practice of writing opinions in the interest of providing an early decision. In the Franklin Life case, the statements of conclusions of law do not provide a great deal of information on the reasoning by which the Court reached its decisions.

Here are digests of the Courts' comments on some items.

(Continued on page 6)

LONGEVITY*(Continued from page 1)*

It seems to the writer that an essential meaning has been changed for, to an actuary, a most important significance of the earlier versions is the emphasis on the "labour and sorrow" consequent on the extra years of life from seventy to eighty. The Revised Standard Version gives an alternative reading of "pride" for "span" which is closer in meaning to the older versions.

There is so much nonsense being uttered by those who should know better, on the extension of man's life to one hundred and fifty years due to current medical discoveries and an increase in the expectation of life at birth to 85 by the end of this century, that actuaries should acquaint themselves with what has been happening.

The great improvement in mortality at the younger ages has meant a major increase in the number of those surviving beyond age 70. Although, in the opinion of the writer, the virility of the average person of 70 to 80 is definitely superior to that of his or her grandparents at the same age, the increase in their numbers absolutely and as a percentage of the total adult population has become a serious social problem. This is due to the normal increase of disability with advancing age and emphasizes the Psalmist's statement of the additional years of life being but "labour and sorrow." The demands of the aged section of the population on welfare

payments, medical, hospital and nursing facilities, receives the continuous attention of governments, yet every extension seems to prove inadequate to the increasing demands.

A point to note is that only in recent years has the expectation of life at birth among female lives on the North American continent exceeded the Biblical threescore and ten and among males it is still to be attained (U. S. white lives, 1959-61: males 67.5, females 74.2; Canada 1961: males 68.4, females 74.2).

As for man's possible length of life, the statement in Genesis 6 verse 3 still applies and as far as one can see will apply for many years to come (Revised Standard Version):

Then the Lord said, "My spirit shall not abide in man forever for he is flesh, but his days shall be a hundred and twenty years."

The corresponding statement in Ecclesiastics (Sirach) 18 verse 9 is no contradiction (Oxford Annotated Apocrypha):

The number of man's days is great if he reaches a hundred years.

These Biblical references to man's longevity may bring the query as to certain references in the Book of Genesis to the great ages attained by the Patriarchs: Adam 930 years, Methuselah 969. Theologians, and their texts the writer has consulted, all seem to be agreed that in very early writings great age was a traditional requisite for great men and outstanding forebears. One Biblical authority, Gerhard von Rad, has pointed out

VALUE OF A LIFE*(Continued from page 7)*

Thomas C. Smith and Frank L. Griffin, Jr., "Work Life Expectancy as a Measure of Damages" (*TSA IV* p. 585).

This paper employs some different techniques from those used by Messrs. Miller and Hornseth. For example, in the Bureau's paper a uniform retirement age of 65 is assumed and there is no allowance for disability, early or postponed retirement. Both papers are valuable for the actuary testifying to the value of a life.

A detailed review of the Miller-Hornseth paper by Mr. Griffin will appear in *Transactions*. The paper may be obtained from the Government Printing Office, Washington, D. C., 20402 (40¢.) □

that with increasing distance from the Creation the average life span of the men as mentioned in the Bible diminished in stages to that noted by the Psalmist and that which still applies after these thousands of years.

There is one disquieting trend in modern medicine. Professor Hinton, who holds the chair of Psychiatry at the Middlesex Hospital in London (a most renowned institution), states in a recent book: "Though death can perhaps be deferred, no one wants to lengthen the process of dying."

Unfortunately this is what much modern research has resulted in doing. □

The Actuary

c/o Mortimer Spiegelman
14th Floor
1740 Broadway
New York, N. Y. 10019

