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LIFE INSURANCE IN U.S.A. AND IN AUSTRALIA

by Sidney W. Caffin

(Editor's note: We are glad to welcome a contributor from Australia. Mr. Caffin, F.I.A., A.S.A., is both Commonwealth Actuary and Insurance Commissioner.)

Recently I made a short visit to the U.S.A. and found a number of very interesting differences in the way in which the industry conducts its affairs and in the supervisory arrangements as between U.S.A. and Australia. I will mention some of them as I think they will interest readers of *The Actuary*.

Number of Companies

In U.S.A. there may be as many as 1,700 companies writing life insurance amongst a population of about 220 million. In Australia, there are 45 life insurance companies (23 only 11 years ago) and our population is about 12 million. On this crude measurement, Australia has substantially more population per company. But I am not in any position to say whether the comparison is fair, as I do not know the details of the American companies and have not examined social characteristics. Perhaps one of your readers could do this.

By contrast with U.S.A., our companies are either well established Australian mutual or stock companies, or are branches or subsidiaries of relatively large overseas life and general insurance companies. In the past, these organizations have been from U.K., Europe, or New Zealand but recently three U.S.-owned companies have obtained registration. There have been no new companies formed since the war through the issue of stock to the Australian public and it is doubtful whether

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CANADIAN MORTALITY EXPERIENCE

by George W. Wilson

The Mortality Committee of the Canadian Institute of Actuaries has extended the results of the continuous mortality investigation of Canadian Ordinary and Group life insurance policies to include an additional year's experience. Brief notes on the results follow.

Ordinary Issues

Twenty-one companies contributed data to the experience between the 1965 and 1966 anniversaries under standard Ordinary insurance issues. The exposed to risk totalled about 4.6 million policies and \$23.3 billion. The actual deaths amounted to 23,300 policies and \$89.2 million.

The select and ultimate mortality rates from the Canadian Assured Male Lives Table 1958-1964 (see *The Actuary*, October 1967) were used to calculate the expected deaths for both

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Schools Offering Actuarial Science Courses

A subcommittee of the Public Relations Committee has just completed a survey of schools in the United States and Canada that offer specific courses in actuarial science. The resulting list is published on page 8 of this issue of *The Actuary*. Any readers who know of additional schools that offer such courses are asked to inform Robert N. Houser, Chairman of the subcommittee.

The actuarial program in the College of Insurance was described in *The Actuary* for May by Walter Klem. Other institutions are invited to contribute an account of their programs.

EVALUATIONS OF SPRING REGIONALS

by E. J. Moorhead

From the Philadelphia and Los Angeles and Milwaukee meetings, 198 actuaries have given evaluations and suggestions by completing a questionnaire designed by Thomas P. Bowles and authorized by the Program Committee. All who moderated, contributed or organized the sessions at these Regionals can relax — the meetings were successes!

Pulling the consensus from the reports, it can now confidently be said that members liked all of the following: the 9 a.m. starting time (93% favorable in Philadelphia, 98% in Los Angeles, 96% in Milwaukee); the new procedure for presenting papers; the topics on the program; the conducting of the sessions. One said, "I had almost given up attending meetings—they are getting better." Another said, "It was refreshing to have the meeting always run on schedule."

Criticisms, of course, are what were sought. Since actuaries are trained to have a jaundiced eye, there were plenty of criticisms for this and future program committees to mull over. The query that produced the greatest diversity of opinion was: "At the Spring Regionals, should there be more or fewer sessions and workshops?" (Booleans will note that this fails to cover all the available choices). Many would like even more than this year, producing smaller groups and presumably less formality. Others, however, feel torn between sessions going on at the same time on subjects in which they are intensely interested. A few suggest that the number of concurrent meetings must be limited by the number of effective moderators the Society can muster at a Regional.

Comments about particular sessions and workshops also show that the single

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music — as shown in the compositions of Charles Ives.

Although Ives, who lived from 1874 to 1954, was a very important American composer, his genius is just now being recognized. This relative obscurity was partially due to the fact that his music was far ahead of its time, but is perhaps even more attributable to the fact that he was an extremely successful agency manager with a large company, and musical composition was just his hobby.

But I am interested in Ives because of the extent to which his career as an agency manager affected and was reflected in his music. For example, his composition for Memorial Day, which culminates with two bands simultaneously playing different marches in different tempos, is clearly intended to represent the dialogue between the agent and the actuary.

His entire Fourth Symphony, which most people consider to be entirely dissonant, is really a tone poem which musically portrays a large insurance company. Ives' notes, scribbled in the margin of his score, bear testimony to this fact. For example, a note reveals that the remarkable passage in the last movement, where ten themes combine to form one mass of musical confusion, is intended to represent a typical committee meeting.

Even Ives' most famous composition, "The Unanswered Question", grew out of his insurance career. The title does not refer to the riddle of existence, as most people believe. It was, rather, inspired by his continual request that the actuaries explain why his company's rates were not more competitive.

I am currently undertaking a study of the actuarial symbolism to be found in pop art in general and in the paintings of Andy Warhol in particular. I will share my findings in the near future, but in the meantime I think it would be most interesting if an actuary with some expertise in the ballet were to report on Balanchine's extraordinary use of the 1958 CSO Table in his recent choreography.

Robin G. Holloway

Sir:

I was very interested in Mr. Lew's article on "The Actuary in Fiction" and would like to add two more examples to the growing collection.

The first is from your compatriot, one Pogo, a poet who has asserted that the only thing that rhymes with February is Actuary. The second is another poet, real this time, and a countryman of mine, John Betjeman. In a poem entitled "North Coast Recollections," about pre-war middle-class holidays at the seaside, he refers to:

"Two children of a chartered
actuary

(Beaworthy, Trouncer,
Heppelwhite and Co.),

Harold and Bonzo Trouncer
are engaged

In semi-finals for the
tournament."

I have never heard of a chartered actuary, let alone the firm referred to and can only suggest that he was thinking of a chartered accountant but needed an extra syllable to make the scansion right.

Richard J. Squires

Canadian Mortality

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males and females.

The male mortality ratios by amounts for the policy year 1965-1966 were 108.9% for the first 5 policy year durations, 94.2% for policy year durations 6 and subsequent and 97.2% in total. The female mortality ratios were 87.6%, 52.5% and 62.7%, respectively. Corresponding ratios for the combined data (males and females) were 106.6%, 92.5% and 94.7%, respectively. The results during the select period by amounts were somewhat higher than by policies, indicating the effect of larger-than-average-sized death claims during the policy year under review.

Group Life Insurance

Thirteen companies, currently insuring slightly under two-thirds of the total group life business in Canada, have contributed data to the study which now includes the experience of the calendar years 1963 to 1966 inclusive. The experience was compiled for the three

PROBLEMS OF A PROPHET

by R. Graham Deas

(With apologies to Longfellow)

Tell me not the mournful numbers
Life predictions which I dream,
When I waken from my slumbers
Seldom work out as I scheme.

My anticipated profits
Always seem to turn to loss.
When results are millions off, it's
Kind of hard to face the boss.

If by chance the implication
Was a loss of magnitude,
He'll demand an explanation
How substantial gains accrued.

Tell me not the sad statistics
All that I can do is pray
Errors of my fellow mystics
Cancel out the other way.

common disability provisions separately: (a) Waiver of Premium Disability Clause; (b) Extended Death Benefit Clause; and (c) Total and Permanent Disability Clause.

The tabular claims were based on the 1960 Basic Group Table. The ratios of actual to tabular for rated and non-rated industries combined by number of lives for all policies were 88.8% for Waiver of Premium, 94.2% for Extended Death Benefit and 99.2% for Total and Permanent Disability for the combined years 1963-1966. Ratios from the Society of Actuaries 1960-1964 study were 91.9%, 90.9% and 103%, respectively.

Several subdivisions of data were continued in the Canadian study which were not available in the Society's results. The experience was studied by both lives and amounts, a split of the material was made by sex, policies were split into under 25 lives and 25 lives and over, and a final subdivision was made by territory and industry.

The amount study for the 1963-1966 period did not indicate any substantial adverse selection. Results by sex indicated the usual low mortality for female lives as expected. By size, the results for the small policies showed rather higher mortality although there was little difference between the results by lives and amounts. □