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THE MAN FOR ALL SEASONS? OR THE HAPPY WARRIOR?

by D. J. Leapman

"You can't be a Queen, you know, till you've passed the proper examination."

Lewis Carroll

On Feb. 13, ignoring any ill-omen, the Canadian Institute of Actuaries held a meeting organized by the Younger Actuaries Committee for a discussion on "The Training of the Actuary and Its Suitability for His Future Career."

In introducing the subject, the Chairman suggested that consideration should perhaps be given to the function of the actuary, before the appropriate education could be determined. This proved to be his forlorn hope and although at intervals throughout the evening reference was occasionally made to this aspect of the subject, there appeared to be a division between those who considered the actuary as identified irrevocably with the engineering of life insurance, pension funds and similar matters, and those who noted the expansion of the actuary's interest in Britain into the wider field of investments, and general commercial and industrial management.

Reference was made to the part played by actuaries in planning the operations of the London transport system, including analysis of bus design, route planning, etc. in which one of the speakers had participated. The way this tied back into the conventional actuarial field was indicated by the probable effect on mortality rates in London if buses were seen to travel at the speed which was proposed, the theoretical optimum for efficient service! The theme of London buses tended to recur in comments throughout the remainder of the meet-

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THE ACTUARY IN FICTION

by Edward A. Lew

(Editor's Note: We hope that our readers can supplement Mr. Lew's researches with other instances of THE ACTUARY IN FICTION. There are also interesting references to Life Insurance Companies such as The Anglo-Bengalee Disinterested Loan and Life Assurance Company.)

Wallace Stevens, sometime Vice-President of the Hartford Accident and Indemnity Company, may well have been the only major poet who could draw on personal acquaintance with a number of actuaries, but there are no references to actuaries in his writing. Mr. Stevens held the view that whatever notions men share are usually derived from fortuitous and confusing personal images. He also wrote a poem, "Thirteen Ways of Looking at a Blackbird." Apparently for men of letters actuaries are more mystifying than blackbirds.

This truism I learned gradually by dint of immoderate reading and listening. It all began in the spring of 1930 when I wandered into the Maxine Elliott Theatre to witness a drama, "The Infinite Shoeblack," by Norman MacOwan. The hero (played by Leslie Banks) was a poverty stricken student of the Faculty of Actuaries innocently residing in an Edinburgh brothel.

He heatedly spurned a bribe to trade his Fellowship paper, but then accepted it to save a professor's bonny daughter from the consequences of a grave indiscretion. When he caught up with the lass later, she was living in sin in Cairo, and it took our hero a whole act to reinstate her to marriage, motherhood, and respectability.

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THE BROADENING SCOPE OF THE ACTUARIAL PROFESSION

by F. A. A. Menzler,
C.B.E., B.Sc., F.I.A., A.S.A.

(Editor's Note: We are pleased to present as our first overseas contribution this article from a distinguished past-President of the Institute of Actuaries.)

In 1853, that eminent demographer, Dr. William Farr, F.R.S., who had been elected an Honorary Member of the Institute of Actuaries in 1852, remarked in an official communication to the Registrar General for England and Wales:

"... the science of which an actuary practices the application . . . though at present it principally relates to *life* contingencies, yet must be held to include all contingencies to which calculation of probability can be applied."

Dr. Farr had indeed expressed a similar view more publicly at a famous dinner at Richmond on 5 July 1851 (*J.I.A.* 1, 387) when he looked forward to the day "when the profession of actuary will be greatly extended and when no commercial concern of any extent will be without such an officer."

Other Early Views

Jellicoe, in reply, expressed the hope that eventually the Institute would develop into a school in which not only insurance but the cognate subjects of taxation, currency, finance and political economy generally should receive their fullest development.

In the light of these authoritative utterances, it is remarkable that Dr. T. B. Sprague — that actuarial colossus, who bestrode the scene for some 40 years — seems at no time to have envisaged the possible application of actuarial approaches and methods to prob-

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Variable Annuities

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on the street" who qualifies for no particular tax advantage. In this latter market the real competition between variable annuities and mutual funds will emerge.

Promotion, Advertising

Finally, for companies involved with registration under federal securities laws, marketing problems are further complicated by the need to file all sales promotion and advertising material with the SEC. Although these filings are not required by the Investment Company Act of 1940 until 10 days after the material has been put into use, it is wise to obtain advance approval.

Advertising material is particularly hard to draft because the SEC considers it as a prospectus. Consequently, it must conform to very rigid requirements. Most advertising managers of insurance companies will find the advertising limitations confining. Sales promotional material may be difficult to draft because of changing attitudes on the part of SEC. To illustrate, four months ago the SEC approved promotional material using the term "tax sheltered annuity." Their current position is that "tax sheltered annuity" must be replaced by "tax deferred annuity."

The material presented in this article is only a summary of some current information. In this fast developing field, regulations and practices are constantly changing and what has been said here may have to be updated before long. □

Man for All Seasons

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ing without such relevance as to have proved memorable.

The view of those who favoured wider fields was stressed by one speaker who referred to the actuary as a person trained to look into the future, not as a star-gazer, but by making use of his techniques and what knowledge he can derive from past experience in order to evaluate future events. As another contributor eloquently remarked, "An actuarial career is something better than just counting dead men's heads."

There appeared to be some support for the interest of actuaries in Operations Research and perhaps for more recognition of this subject in the examinations. While one speaker pointed out

that actuaries had really established this science two hundred years earlier by producing a model in the form of a life table with which to examine the experience of the life insurance industry of that day, the actuary was not keeping his place in modern developments.

For example, in 1903 a race was held for the then new horseless carriage. Since the only previous experience related to horse drawn vehicles, on which the driver needed a high vantage point to see over the horse, this design was retained, with the result that the high centre of gravity caused the horseless vehicles to over-turn at the first sharp corner. Had any actuary of that day been able to postulate a model which resulted in the seating of the driver low down between the wheels as in modern racing cars, Detroit might today be associated in the public mind with the actuarial profession!

Reasons for Interest

This interest in management techniques expressed by several speakers arose because, while actuaries in the past have frequently risen to senior managerial positions, there was a fear that unless they were suitably equipped they would be unable to progress to such positions in the future. In that event, the result might well be that actuaries will have a progressively smaller say in the management of life insurance companies.

One speaker went on to say that, while the actuary learned techniques such as the derivation of probabilities for the happening of future events, so much emphasis was placed on the application of those techniques to mortality and sickness problems that broader applications were rarely considered. Such may be the maintenance costs of fleets of buses, or aircraft, or stock distribution costs involving the rates of deterioration of bottled drink, and managerial problems generally. Actuaries had long used discounted cash flow techniques, but in recent years those have been "discovered" and popularized by others, without actuaries having any influence on the modern developments.

It was suggested that the examinations represent the formal portion of the actuary's education, while he serves his apprenticeship in employment to gain the experience he needs. One eulogist

even related at length the applications he had found, after qualifying, for the various matters which he had learned during his studies for the examinations. The impact of this prescience on the part of the examination committee was somewhat modified when it was discovered that he had discontinued after achieving his associateship in order to avoid spoiling the record!

Add to Formal Training

While the part played in education by office training during and after qualification appeared to be appreciated, there were those who wished to see Management Techniques, Operations Research or Computer Systems included in the formal training by amendment of the examination syllabus. There was, however, no consensus on the elimination of any matter, other perhaps than the present requirement of a detailed knowledge of government report forms.

Clearly, however, many felt that the present examination syllabus was fully adequate for the formal education of actuaries, with other tools being assimilated in company employment or through "post-graduate" study. The possibility of total formal education being undertaken full-time at university was also mooted.

To this time all discussion had remained on a most intellectual plane, but suddenly the crux was reached. It was suggested that the actuary must be able to communicate effectively in writing and that one could progress too far in the present examinations without this attribute! As the Chairman struggled to avoid more than two or three members speaking simultaneously and as the words "message" and "medium" were bandied back and forth the consensus appeared to be that lucid writing should (or perhaps "should not"?) be a prerequisite to becoming an actuary. Fortunately, at this stage refreshments appeared and the meeting terminated. □

To the Actuarial Clubs

The Actuary is pleased to list future meetings of the Actuarial Clubs. To ensure publication, notify us at least two months prior to the meeting date. We are also anxious to consider publishing papers submitted and discussions at the meetings.