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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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## The Actuary in Fiction

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No sooner had this image of an actuary fixed itself in my mind, than I happened to make a grand tour through Ford Madox Ford's tetralogy: "A Man Could Stand Up," "Some Do Not," "No More Parades," and "Last Post." The key figure in these novels is Christopher Tietjens, "the last English Tory," whose actuarial efforts in a government statistical department are brought to an untimely end by a vengeful wife and the intrigues and folly let loose by the First World War. In this corrupt post-war period, Christopher Tietjens chooses to live by an outmoded code of honor, takes a mistress, and gives up his actuarial career.

### John Blackbridge

The more remarkable capabilities of American actuaries emerge in a short story by Somerset Maugham entitled, "The Portrait of a Gentleman." As Mr. Maugham tells it, he visualized this late nineteenth century diamond of an actuary from an imaginative reading of his treatise on poker. Mr. Maugham describes John Blackbridge, actuary and attorney at law, as follows:

"I see him very distinctly as a man of middle age, in a black frock-coat and a chimney-pot hat, wearing a black satin stock; he is clean-shaven and his jaw is square; his lips are thin and his eyes wary; his face is sallow and somewhat wrinkled. It is a countenance not without severity, but when he tells a story or makes one of his dry jokes his eyes light up and his smile is winning.

"He enjoyed his bottle of burgundy, but I cannot believe that he ever drank enough to confuse his excellent faculties. He was just rather than merciful at the card table and he was prepared to punish presumption with rigour. He had few illusions, for here are some of the things that life had taught him: men hate those whom they have injured; men love those whom they have benefited; men naturally avoid their benefactors; men are universally actuated

by self-interest; gratitude is a lively sense of expected benefits; promises are never forgotten by those to whom they are made, usually by those who make them.

"It may be presumed that he was a Southerner, for while speaking of Jack Pots, which he describes as a frivolous attempt to make the game more interesting, he remarks that they are not popular in the South. This last fact, he says, contains much promise, because the South is the conservative portion of the country, and may be relied on as the last resort of good sense in social matters."

Inquiry at the Congressional Library discloses that there had been a real John Blackbridge, actuary and counsellor at law, and that he had in 1879 put together "The Complete Poker Player" as a "practical guide to the American national game: containing mathematical and experimental analyses of the probabilities of draw poker."

### Milton Northey Haskins

A more recent work of fiction, "Slightly Perfect," by George Malcolm-Smith, hints that the failure of nerve which has overtaken some portions of the Western World may have spread to Hartford. In this story, Milton Northey Haskins, a promising young Associate with the Nutmeg of Hartford, commits the grave error — without the aid of a computer — of misplacing a decimal point in the cash value on a 20-payment life policy at age 32. Confronted with this blasphemy, he renounces the insurance world to join a circus.

This flight from supremely rational behaviour — of which the actuary appears to be a symbol — to the carefree, buoyant, and irrational life of a circus has, of course, a profound emotional appeal for many. It is not surprising, therefore, that Malcolm Smith's book was later adapted into a musical and enjoyed a fairly long run on Broadway.

On the whole, modern literature — and this includes at least one detective story — has been kind to actuaries, presenting them as somewhat dull and prosaic but highly estimable. Regrettably,

## SURPLUS SURPLUS — COMPUTERS TO THE RESCUE?

by Irving Rosenthal

The Report of the Special Committee on Insurance Holding Companies recently published by the New York Insurance Department, wrestles manfully (in Appendix One of the Report) with the problem of preventing holding companies from siphoning off excessive amounts of surplus from the operating insurance companies they control.

The report maintains, correctly we think, that insurance regulation must assure more than "solvency" for the operating insurance companies; it must, in addition, assure "solidity." Solidity is achieved when solvency is assured for a long enough period into the future "for any dangerous development to be detected and the surplus drain resulting from it stopped." Solidity, we may say, is present solvency plus enough surplus for financial shock absorption to assure future solvency.

### Surplus Surplus

The amount of the necessary financial shock absorber is designated as "required surplus." Any additional surplus is designated by the catch phrase "surplus surplus." This last, in the Report's view, may properly be employed or invested by holding company managements as they see fit without imposition of any limit derived from insurance considerations alone. Other limits related to broad public policy objectives may properly be imposed, e.g., prevention of undue concentration of economic power.

The practical problem of determining "required surplus" must now be confronted. The Report points out that the problem has already been faced to some extent in the regulation of non-life insurers (the main sphere of application) both here and abroad. Various rules-of-thumb have evolved for making the

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a notable fragment of the classics pronounces a contrary judgment. In Plato's "Apology," Socrates defends himself from the charge that he has led a life likely to bring him to an untimely end by declaring: "A man who is good for anything ought not to calculate the chances of living or dying." □