

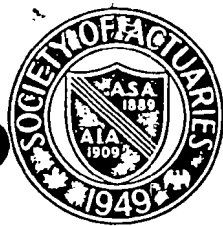


SOCIETY OF ACTUARIES

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FLYING HIGH

by Julius Vogel

The subject of Aviation Reinsurance was discussed Sept. 23, 1971, under the auspices of the Advanced Techniques Section of the Program Committee of the Actuaries' Club of New York. Gordon Shellard moderated a panel discussion in which David Halmstad and Julius Vogel were the principal speakers. What follows is an abstract of their remarks.

Airline hull and liability insurance must essentially be on a per accident basis; liability is governed by negligence principles. Thus, an airline might be liable (in a collision) for two 747 hulls at \$25 million apiece plus 750 passenger deaths. Settlements in 1970 on U.S. domestic flights averaged \$195,000 per death. Since settlements on deaths during coverage now being sold may not be made for some years, the airlines might need to be prepared for \$300,000 or more per death. This total potential liability—\$275 million or more per accident—probably exceeds the current capacity of the world market. The current world annual premium income for airline hull and liability insurance is about \$400 million.

Life insurers have the insuring power to take on amounts of aviation risk at least as great as their net life insurance retentions. Legislation enacted in New York and New Jersey permits life insurers, under Insurance Department supervision, to reinsure any risk arising from, related to, or incident to aircraft manufacture, operation, or ownership. The authorization for reinsurance reflects the market's need for capacity, not necessarily for duplication of existing engineering and claim settlement skills.

The Metropolitan and the Prudential are already providing some aviation re-

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Arthur A. McKinnie to Retire

On December 31, 1971, Mr. Arthur A. McKinnie, Executive Secretary of the Society, will officially retire. He has been Executive Secretary since the Society came into being and so might well be described as "The Establishment"—after all he has been at more meetings than any other individual!

We are sure that Art was not told in 1949 that the membership of the organization with which he was to be connected would increase and multiply from 1074 members in 1949 to 3847 members in 1971. This increase obviously cast many additional burdens upon the Society's office, burdens which have been cheerfully assumed by Art and his colleagues.

At the Toronto meeting, President Lancaster presented Art with a silver tray on which was engraved the signatures of the 22 Presidents under whom Mr. McKinnie has served. There was not room enough on any tray for the signatures of the many many members of the Society who have known Art, officially and unofficially, who would extend their good wishes for a long and happy retirement along with a permanent invitation to attend all future meetings and who would like to say "Thank You" for a job well done. □

International Congress

The *Transactions* of the 19th International Congress of Actuaries, to be held in Oslo in June 1972, may be purchased by individuals not members of the Congress. Interested parties should get in touch with Mr. E. A. Lew.

CONFESSIONS OF A SEMINARIAN

by Edward L. Robbins

I. Introduction and Background

In 1971 I enrolled for an Actuarial Seminar at *Halyard** University and successfully passed Part 8.

A friend of mine, a Fellow of the Casualty Actuarial Society, mentioned that his Society would be most interested in my writing about my experience at the seminar; the Casualty Actuarial Society does not have the benefit of any such seminars.

The following is a set of impressions. The uniqueness of the actuarial exams suggests that you cannot lump classroom dynamics of this educational field with the general state teachers' college fare, that a worthwhile contribution can be made by an actuary's look at the experience.

II. Theory—the Purpose of an Examination Seminar

The advantages of any resident academic preparation over a self-study program at home are as follows:

(1) Exclusion of company and family distractions.

(2) The competitive (yea, cutthroat) atmosphere, and the consequent measure of one's own performance relative to the class average.

(3) The help of a moderator in guiding students through difficult points.

(4) Getting a person into the mood to study eight hours a day. (I had personally never done this before).

(5) A well-organized study schedule and an accordingly well-organized set of text outlines. (As anyone who has taken the later actuarial examinations knows, preparing for them by oneself is—in addition to the learning itself—a large

*Any resemblance to any recognized college or university is purely coincidental.

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Confessions of a Seminarian

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Administrative job of organizing materials and scheduling time. The time saved by a well-run seminar is substantial).

This seminar has as its single purpose the passing of the exam by as many students as possible, to the extent high professional ethics will allow. This implies both passing of the examination and a permanent understanding of the material covered. The passing results have been most favorable over the years. The statistics indicate that a diligent student has had a 25-35% higher probability of passing Part 8 through the seminar than through self-study.

The seminars have generally had passing percentages (percent of students passing) of between 75% and 95%, which is significantly above the aggregate passing percentages. This has led to the unofficial maxim that if you:

- (1) do all the work assigned,
 - (2) maintain your quiz average at or above the class average,
 - (3) don't panic on the examination,
- then you really should pass. The course is intensive enough so that there should be no essay question on the examination in which you "draw a complete blank."

III. The Halyard Experience Itself

A. The Running of the Course

In preparation for the course, we were advised to read through the material once, but it was found later that you were much better prepared if you had taken the exam in earnest before and flunked.

Classes were held for five weeks, five days per week, three hours in the morning. There were twelve students in our class. Generally, a 20-minute, short-essay quiz was held each morning, and a reading assignment was given out for the following day. Toward the end, large essay tests and large multiple-choice tests were given out as homework assignments. Mimeographed outlines of the textbooks and of the longer study notes were also handed out through the course of the seminar, and these outlines generally formed the basis of the class discussions.

B. Certain Advantages and Benefits Derived from this Course, that do not fit Neatly into Education Theory

Those in the same class generally lunched together and typically, the subject matter of the conversation at lunch revolved about the examination material. This took many forms.

Sometimes we sat around thinking up

sadistic exam questions, and possible answers. There was often competition to see who could come up with a good question based on a page in the reading likely to be ignored by the student.

Occasionally someone would brag about his beautiful mnemonic devices. One was dreamed up to memorize the exclusions from coverage of Medicare, Part B. "Remember the most famous of the World War I fighter planes, the French Spad? Imagine seeing a Spad spraying crops after the war. C-SPAD-WEEDER."*

At still other times, people would talk of their learning techniques, such as:

- (1) Put all the worst, most horrible material to memorize on flip cards, each card containing a bit of information.
- (2) Start taking notes as you go, even though you may not intend to keep those notes. It will keep you thinking in the language of the subject.
- (3) It's good practice, when reviewing text material, to go title by title; that is, each time you get to a section title, cover over the text underneath that section title and see if you can mentally reconstruct that text material.

The point is, by keeping your eyes and ears attuned at lunch and other times, you pick up tricks, techniques, mnemonics, and the like over the five weeks. Osmosis of this type is valuable. Naturally, each person must make his own decision as to what he will use out of the entire available bag of tricks.

Part 8 is an examination especially geared toward huge quantities of material to memorize completely, surrounded by other material that is often irrelevant, unimportant, and/or not nearly as likely to be tested. Very difficult decisions must often be made as to what to memorize, for one cannot memorize it all. Here the seminar technique is immensely helpful in giving you the confidence that you, along with the other lemmings, are making the right decisions as to what to emphasize and what to ignore.

*Custodial care

- Skilled nursing services
- Private duty nursing
- Agency of federal government
- Dental care
- Workmen's Compensation
- Eye exams, physical exams
- Eyeglasses, hearing aids
- Drugs
- Elective cosmetic surgery
- Relative or household member performing medical care

IV. The Moderator

The moderator is either a student who is also studying for the examination or a faculty member who has passed the exam. Each has his advantages.

The advantage of the student moderator is that these exams are so difficult that only one currently studying the syllabus is an expert on the syllabus. The great advantage of the faculty moderator is that he can afford to put more time into planning a lesson, developing good issues for discussion, etc.

A word about the imports. These are experts in their fields, "name" actuaries, who are flown in to conduct one class each. Our imports were all very articulate, expert, and entertaining men who, in addition to providing a nice break from normal classroom routine, helped to integrate the material and answered some long-nagging questions. (In a rather direct way, the presence of these eminent men also imparts stature and an air of officiality to the seminars. It provides a student ammunition, for example, when he has to convince his company to let him go to the seminar, e.g., "After all, Robert Myers is going to be a guest lecturer").

The lecturers, like all good teachers, would sometimes range beyond the confines of the syllabus. This was always interesting and often helpful, but somewhat confusing to any student who might have an incomplete grasp of the subject.

V. Conclusion

This course, like any human endeavor, had its strengths and weaknesses. All things considered, it worked out beautifully for me. Overall, the greatest advantage of the course was that it enabled a student to live, eat, and sleep the exam material. I never studied so hard for anything in my life, and I think the same could be said for most of us who were there for the first time. My study schedule after lunch was 1:00-5:00 P.M., then supper; from 6:00-9:00 P.M., more study; coffee break; from 9:30-12:00 midnight, more study. In actuarial mathematics, that constitutes about eight hours of hard-core studying. The general mood of the actuarial students here—and the chief advantage of the *Halyard* experience—is well expressed in the fact that, among some 30 actuaries at *Halyard* on a Saturday night, it was impossible to find a fourth for bridge. □