



SOCIETY OF ACTUARIES

Article from:

The Actuary

November 1972 – Volume 6, No. 9

To be Continued*(Continued from page 2)*

Frequently it is necessary to assign a pseudo-SSN for those records where the SSN is not available. The Social Security Administration recommends use of an alpha form, such as AO1-23-4567. However, it is often desirable to restrict the file key to exclusively numeric characters. In that case, SSN with the first three digits in the ranges 588-599 and 729-999 can be used, although there is some danger that true numbers in those ranges will be issued in the future by the Social Security Administration.

The last four digits are issued in sequence from blocks of SSN assigned to district offices. Thus when viewed independently of the first five digits, these four digits are essentially random with respect to other characteristics of the individual. One application⁽²⁾ in which these digits were used as the basis for selection of a 25% random sample, yielded 25.1% of the population by taking each SSN which was divisible by 4. (There was no special reason for picking this group of SSN, as opposed to any other one-fourth of the possible last four digits; e.g., all SSN ending in 00 through 24). Based upon two other variables of the population—employer and year of birth—the sample produced distributions which were considered acceptably close to 25% of the population distributions.

Finally, the SSN is generally not acceptable as the entire key to a file, because it does not contain a "check-digit" or other characteristic to assure that no error has occurred in transferring data from the original source to the computerized file. Thus the SSN should be supplemented by some other identification concerning the individual; for example, simply using the first letter of the individual's surname as a supplement will significantly reduce the chance of accessing the wrong individual's record in utilizing the file. Unfortunately, this will not detect an error in the SSN when initially putting that individual on the

⁽²⁾"Early Retirement," by Barfield & Morgan, *ISR, The University of Michigan*, page 173).

FWPPDA

We are glad to learn that Mr. Preston C. Bassett has been appointed a member of the Advisory Council on Employee Welfare and Pension Benefit Plans.

GUIDELINES FOR APPOINTMENTS TO COMMITTEES**Preamble**

The following eight guidelines have been adopted by the Board of Governors of the Society of Actuaries at its meeting on October 22, 1972, in order to assist the President of the Society in the appointment of members of the Society to serve on the Society committees. It is, however, recognized by the Board that circumstances may arise under which it would be inappropriate to apply the guidelines exactly as written. Such circumstances might include the nature of the work of a particular committee (such as Mortality and Morbidity Committees), the duration of a committee's existence, and the particular expertise that a member might bring to his assignment.

Guidelines

1. All Fellows and Associates of the Society are eligible for committee membership, but it is assumed that Associates still writing examinations will not be appointed to committees except under unusual circumstances.

2. A person should be chairman of a committee for only two years (except for Program Committee for which a person will be chairman for only one year). During at least the last year of the chairman's service, there should be a vice chairman who is committed to become the next chairman.

3. A person should remain on a committee for no more than four years unless by the end of that time he becomes a vice chairman or chairman.

4. The terms of service of committee members should be arranged so that each year about 20-25% of the committee are new members.

5. With due regard to the fact that the size of a committee is principally determined by the nature of the committee's work and the fact that achievement of stated objectives is the purpose of a committee, the committee should make every effort to involve as many members as possible in order to permit wide participation in committee activities.

6. No person should serve concurrently on more than one committee except where such dual service is desirable for liaison purposes. For purpose of this guideline, service as a multiple choice item writer or consultant to E & E Committee shall not be considered as Committee service.

7. Officers of the Society should not serve on any committee, other than in an ex-officio capacity.

8. As a general rule, a person who retires from a committee should not again serve on that committee.

No Fault*(Continued from page 1)*

This would seem to call for a "duplication of benefit" provision in the auto insurance policy. One solution provided in a couple of states is to allow the insured to elect a deductible on his no-fault insurance with a reduction in premium. There is, however, a lack of uniformity in the provisions among the states which have adopted no-fault.

Mr. Pollack discussed the implications of no-fault on pricing and risk evaluation. In general, past experience on automobile insurance is of little value when the risk is considered for no-fault insurance. The basic classifications of drivers change. Currently, when a driver is involved in an accident which is not his fault, he can sue the other individual for his economic loss. He could have been an excellent safe-driver risk, but under no-fault his insurance company will pay for his economic loss. The measure of claim, therefore, is the economic loss and not the characteristics of the driver. Thus, in very simplified terms, a high salaried person could be a much poorer risk than a low salaried person even though they may have identical driving records.

Actuarial Club Meetings

- Dec. 6, Actuaries' Club of Montreal
- Dec. 14, Baltimore Actuaries Club
- Dec. 14, Actuaries' Club of Hartford
- Dec. 18, Chicago Actuarial Club
- Dec. 20, Actuaries' Club of Des Moines
- Jan. 15, Chicago Actuarial Club