

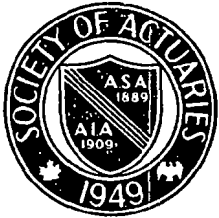


SOCIETY OF ACTUARIES

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# The Actuary

The Newsletter of the Society of Actuaries

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## ACTUARIAL TRAINING IN SCOTLAND

by L. Blake Fewster

In Scotland there appears to be some activity in the actuarial field that has a familiar ring.

This concerns the establishment of the Chair of Actuarial Mathematics and Statistics—the first of its kind in any United Kingdom university — at Heriot-Watt University in Edinburgh. The Chair has been established through the generosity of life insurance companies whose head offices are in Edinburgh and with the support of the Faculty of Actuaries. At the same time, the Faculty is reviewing the educational syllabus, training methods and examinations.

Professor Gray, who occupies the new Chair at Heriot-Watt, delivered an eloquent inaugural lecture, "How Should Actuaries be Trained?" and this could be repeated, with only very minor editorial changes, and seem relevant to the continuing conversation on educational matters within the Society of Actuaries. The actuarial profession in North America owes much to the earlier development of actuarial ideas as well as actuarial organizations in the United Kingdom. Professor Gray's address leaves no doubt that, at least in educational matters, there continues to be a startling parallelism between developments in North America and the United Kingdom.

Professor Gray is hopeful that a pattern will emerge such that professional fellowship can be attained within two years of university graduation instead of the current four or more years. This would be accomplished by redesigning certain university mathematics and statistics degree courses to include actuarial subjects as options. Students would not lose other career possibilities and university staffs would be taking over more

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## IMPORTANT

### Manpower Study

Please forward information requested of employers in August for the Manpower Study. Every reply is important. Keep us off your back. For information or forms, get in touch with me.

Russell H. Smith, Jr.

## ACTUARIES AND THE ACADEMY

by Jeanne Hooshagen

At the October meeting of the Actuaries Club of Indiana, Kentucky, and Ohio the after dinner speaker was Mr. E. J. Moorhead, Past President of the Society and President-Elect of the American Academy of Actuaries.

Using as his title "Honor & Toil," Mr. Moorhead spoke of the history, the present situation, and the road ahead of the Academy. He described the results of a survey that has been made to determine the present composition of Academy membership and the interests and occupational specialties of its members.

Quoting Humpty-Dumpty, "When I use a word it means just what I choose it to mean," the speaker predicted that the day is passing when the word "actuary" can be used by anybody to mean whatever that person chooses it to mean. Those who apply the word "actuary" to themselves when they are not qualified to do so will find themselves a laughing stock, he said.

Mr. Moorhead spoke enthusiastically about the potentialities of a new organization recently formed at the initiative of Academy President Morton D. Miller, consisting of the Presidents and the Presidents-Elect of the various actuarial organizations on this continent. He said that we are getting to know each other

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## IN SEARCH OF CENTENARIANS: ON THE ROAD TO HUNZA

by Frederic Seltzer

It was dawn; black clouds hovered over the surrounding hills as our plane took off from Rawalpindi Airport. At last we were on the flight to Gilgit, often called the most dangerous in the world. Flying over green hills up the Kagan Valley, we approached the Karakoram Range. Clouds obscured the view below. Walled in by 20,000-foot mountains, there was no turning back in the narrow valley; the small plane could fly no higher. Like volcanic islands in the sea, the mountain peaks pierced the cloud barrier; we passed the flanks of Nanga Parbat, more than 26,600 feet tall.

Planning the trip had started seven months earlier in January with correspondence with those authorized to take visitors into the formerly forbidden Hunza, the submission of visa forms and applications for special permits, and the juggling of air schedules and hotel reservations. At the beginning of August, a 20-hour flight on Pakistan International Airlines had taken us to Karachi where connections via Lahore soon brought us to Rawalpindi at the height of the summer monsoon. Pakistan was then experiencing its worst floods in a quarter of a century.

We had arrived at Gilgit, gateway to Hunza, an area with many peaks over 23,000 feet high. Jeeps took us along the Gilgit River, over swaying suspension bridges and winding mountain roads, to meet the Raja of Puniyal. On our return, because of a shortage of rooms at the rest houses and the imminent arrival of Senator Percy with a party of 20, we were informed that we were to leave for Hunza the next morning.

After traveling several hours on precipitous roads strewn with boulders, past

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## In Search of Centenarians

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glacial waterfalls and streams from the flanks of mighty Rakaposhi, 25,500 feet high, through small villages and irrigated valleys, we reached Hunza, inspiration for "Lost Horizon" and other tales of Shangri-La. Up numerous switchbacks, we finally climbed to the Mir's Guest House at Karimabad. From the porch we looked out upon towering Rakaposhi and other snow-clad peaks, terraced grain fields, and rooftops of adobe-like houses covered with drying apricots and plums.

After a lunch of rice, unidentifiable meat, and a flat bread called *nan*, we set out to explore the nearby village. In the fields, families were driving bullocks in circles to thresh the recently harvested grain. There were no very elderly people to be seen, and though the valley was fabled as one without serious illness, Hunzukuts with sever goiters were clearly present. (Their illness was ascribed to a change in diet from natural to refined salt). My reveries were interrupted when a woman I had photographed began shrieking and bombarding me with stones. Yes, Hunza's isolation has ended but the changes to come are not yet readily apparent.

The following afternoon we drove to the Palace where an audience had been granted with the Mir and Rani, rulers of the Kingdom. After being served jasmine tea, cakes and sweet plums, we chatted with the Mir. Surrounded by family portraits and photos of friends such as Chou-en-Lai, we talked of the problems of keeping Hunza's virtues of hard work, no crime, and little disease as it opened its doors to the 20th century. The Mir was strongly opposed to permitting large-scale tourism in his Kingdom, but he could not prevent it and already an Intercontinental Hotel was under construction. When I raised the question of reports of unusually large numbers of centenarians, he replied that though there were many aged Hunzukuts, such statements were probably exaggerations. Other inquiries later disclosed that the language of the area, Burushaski, is unwritten and that there are no records to document extreme ages.

We returned to Gilgit in a rain shower followed directly by a sand storm blowing up from the river bed, only to learn

## PRICE DISCLOSURE AND COST COMPARISON

by Martin S. Huey

Part of the late spring meeting in San Francisco was a concurrent session on the subject of "Price Disclosure and Cost Comparison." The topic was extremely timely (the NAIC having just concluded drafting its model legislation) and the entire audience participated (through a questionnaire-based opinion poll).

The official record appearing in the *Transactions* will prove to be most valuable reading, in that it contains a point by point historical record of the milestone events concerning Price Disclosure and Cost Comparison as recalled by Bart Munson, chairman of the Society's ad hoc committee on Price Disclosure and Cost Comparison. In addition, it contains a rather detailed description of the All-

that all flights had been cancelled since our arrival earlier that week. Two days later, still marooned in Gilgit, we decided to join a caravan of jeeps and proceeded down the Indus Valley. For 18 seemingly interminable hours of heat and dust, we careened over deteriorating roads along the raging Indus. We hardly ate, but greedily swallowed cups of water scooped from canals flowing through isolated villages in spite of the obvious dangers of dysentery and other diseases. At 2:00 in the morning the caravan straggled into Swat and we collapsed into bed, grateful for our safe arrival.

We had been to Shangri-La and returned. What was Hunza's secret? Was it the food—primarily vegetarian—of gruel, vegetables, and fruit, particularly apricots? Was it the water—from the snow glaciers, but with a grayish black colloidal suspension—that had a very disagreeable taste?

When I awoke the next morning, I knew the answer. My diet had been monotonous, the water abominable, and during my journeys in and out of Hunza I had easily aged 40 years. Obviously, anyone passing his lifetime in Hunza on the available food and water and hiking the steep hills and mountains daily must age even faster than I had, even if it does not show in physical appearance. All the robust farmers I had seen were actually centenarians and the school children were soon to celebrate their fiftieth birthdays!

state price disclosure program as detailed by Paul Overberg, one of the panel members. These two features will be invaluable aids to the newly aware or anyone who has to make a speech on the subject.

While only 63 people completed the questionnaire (and Mr. Yankolovich might have had some problems with the wording of the particular questions), there were several items which lend themselves to comment.

(1) Responses to particular questions did not vary by Fellow/nonFellow, under or over age 35, or by type of affiliation (Mutual/Stock/Other). Is there really a danger that a particular interest group could sway the Society to take a public position to the disinterest of the common good? Are stock company actuaries really "all alike"?

(2) The interest-adjusted cost index has achieved widespread acceptance and almost half the group consider it a *minimum* requirement for adequate price disclosure. It may take time, but actuaries do accept change in the needs of the buying public!

(3) Three-quarters of the attendees rejected the "splitability" of an ordinary whole life plan of insurance. This perhaps explains the lack of acceptance of comparison methods based on treating an ordinary whole life plan as a combination of decreasing term insurance and increasing savings.

(4) There was a very high degree of awareness of the activities of the NAIC Task Force on Life Insurance Cost Comparisons and their model regulations regarding disclosure practices. Although this had received only very limited publicity, better than 40% of the group were acquainted well enough with the proposals to have made judgments on their potential impact on such things as product design, pricing, dividend scales, marketing approaches, and even the job of the life company actuary.

The questionnaire will be reproduced in the *Transaction*. Should anyone be interested in additional details of the results of the San Francisco concurrent session poll, for either comparison with other groups or for further research, I will be glad to share with them the detailed responses.