

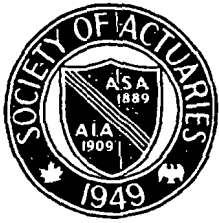


SOCIETY OF ACTUARIES

Article from:

The Actuary

December 1974 – Volume 8, No. 10



The Actuary

The Newsletter of the Society of Actuaries

VOLUME 8, No. 10

DECEMBER, 1974

THE ACTUARIAL PROFESSION— ITS RESPONSIBILITY TO THE PUBLIC

by William A. Halvorson

Editor's Note: We appreciate the opportunity to publish the following talk given by Mr. Halvorson to the Atlanta Actuarial Club at its meeting on Oct. 2, 1974.

Guide 1a) of the Society and Academy Guides to Professional Conduct states that: "The member will act in a manner to uphold the dignity of the actuarial profession and to fulfill its responsibility to the public."

That's easy to say, but much harder to define.

What is the "dignity" of the actuarial profession? In fact, we can ask, is there such a thing as the actuarial profession?

This requires us to define a profession. But assuming that we are a profession, the most difficult to define is the profession's responsibility to the public.

First let's note that our Guide says that the individual member will act in a manner to uphold the dignity of the profession and to fulfill *its* (meaning the profession's) responsibility to the public. Thus we should look to what the public expects of actuaries in general, if not each individual member.

In February of this year, I wrote to each Board member of the American Academy of Actuaries to ask if they believed our responsibility to the public was clear, and if not, what actions should be taken to clarify this responsibility. Let me report that very few of the replies seemed very concerned with this question, which I guess makes me a definite minority. But one very thoughtful respondent defined three class of publics, as follows:

"The most obvious public is his immediate employer or client, usually an

(Continued on page 6)

To All Our Readers,
A Happy New Year!
The Editors

BOOK-OF-THE-MONTH?

Robert B. Mitchell, *From Actuaribus to Actuary*, Society of Actuaries, 1974, pp. 71.

by Davis W. Gregg, CLU

The 25th Anniversary Committee of the Society of Actuaries acted wisely in their selection of the distinguished journalist, Robert B. Mitchell, to prepare a popular history of the actuarial profession. He perceived his job as authoring a volume for nonactuaries who may be interested in knowing what an actuary is, has been, and will be in the future. He has succeeded. No one need ever again think that an actuary is "where they bury dead actors," as did one of Mitchell's survey respondents!

This volume should be read by actuaries. They will be charmed by its style and informed by its content.

It should be read by nonactuaries. In addition to the pleasures of style and content of this short history, they will discover a vocation where the need for professionals "will continue to exceed the supply beyond the life expectancy of anyone now living." And, by George, from reading the book, I believe he is right in what otherwise might have seemed an exaggerated prediction!

But what about *Actuaribus*? Is he some character from Greek mythology who discovered numbers? Nope. An *Actuaribus* was a fellow (a "person") who recorded the public actions of Julius Caesar's Roman Senate. It seems that

(Continued on page 8)

THE CONFERENCE BOARD OF THE MATHEMATICAL SCIENCES

by Truman Botts

Since 1966 the Society of Actuaries has been an affiliate of the Conference Board of the Mathematical Sciences and has been represented on its Council by Professor Cecil J. Nesbitt of the University of Michigan. Many of the readers of *The Actuary* may, however, have only a vague idea of what the Conference Board is, what it does.

First of all, the Conference Board of the Mathematical Sciences is a society of societies; at present it has six constituent members and five affiliate members. Its constituent members are the American Mathematical Society, the Association for Symbolic Logic, the Institute of Mathematical Statistics, the Mathematical Association of America, the Society for Industrial and Applied Mathematics, and the National Council of Teachers of Mathematics. In addition to the Society of Actuaries, its affiliate members include the American Statistical Association, the Association for Computing Machinery, the Operations Research Society of America, and The Institute of Management Sciences. In general the affiliate-member societies have only partly mathematical interests or have grown up around particular areas of application.

CBMS has two major purposes, the first of which is to provide a two-way channel of communication between the professional mathematical community represented by its member societies and relevant Government and other organizations on the Washington scene. In part this communication is accomplished through direct contacts with agencies of the Federal Government and through representation of CBMS on such groups as the Scientific Manpower Commission,

(Continued on page 7)

UNDERWRITING UP-TO-DATE

The following letter appeared in a recent issue of the *Journal of the American Medical Association* and we bring it to the attention of the E & E Committee to see whether they would like to further restructure the Fellowship examinations in Selection of Risks. Dr. Wilson cheerfully gave us permission to publish the letter and carefully explained that F.F.A. in his case did not denote an actuarial fellowship in a (*distinguished-Ed.*) actuarial body but a Fellowship in the Faculty of Anesthetists, Royal College of Surgeons. This Faculty has a great deal in common with actuaries. They both put people to sleep, but the actuaries do not need to use any anesthetics.

* * * *

To the Editor: Life assurance companies need a reliable yet simple way to estimate life expectancy. Many palmists believe that the length of the life line can be used to predict life expectancy.¹

We tested this idea in 51 cadavers of known age at death, using a map measure to determine the length of the life line in each hand. The heelcrown length measurement enabled correction for differences in body size. Correlations between age and other variables (Table) were obtained through a matrix program (BMD 02D) using a CDC 6400 digital computer.

The critical value of correlation coefficient for significance ($P = .05$) is .27 ($N = 51$). Within the Table, no value exceeded the critical value, and therefore no correlation was significant.

The life line was interrupted in one hand in six subjects; in these, the total length of that line was used in the calculations. Fortunately, the level of significance of the correlations was so low that it would have made no difference whether the six broken lines were included or not. These subjects died at the ages of 19, 40, 50, 75 and 82 years. Thus, a broken life line is not related to age at death, and it is our personal expectation that it correlates with nothing whatsoever.

This study is of the greatest importance because it is one of the few instances in which soothsaying has been, in sooth, objectively tested. We happily conclude that palmistry may be used to predict life expectancy but, when it is so used, it is blessedly free of scientific worthiness or usefulness to life insurers.

M. E. Wilson, MB ChB, PhD FFA, RCS
L. E. Mather, PhD

1. Jones FW: *The Principles of Anatomy as Seen in the Hand*, ed 2. Baltimore, Williams & Wilkins, Co. 1942.

Lack of Correlation Between Length of Life Line and Age at Death*							
	Age, yr	Length of Life Line, cm					Mean Height
		Left	Left Height	Right	Right Height	Right and Left	
Mean	65.2	9.2	0.056	9.4	0.058	9.3	0.057
SD	±16.7	±1.3	±0.004	±1.9	±0.012	±1.4	±0.009
Correlation coefficient with age	1.000	.056	.018	.021	.010	.040	.015

*This Table can be safely ignored by palmists.

new company. So, the first "actuary" with a life insurance company started at the top. This seems appropriate enough in view of distinguished actuaries who have served as company presidents down through history. (Or, would this be better put "actuaries who have served as distinguished company presidents"?) At any rate, just to confuse the matter, none of the Equitable's first four actuaries (presidents) could do actuarial work; they hired outside mathematicians!

The development of actuarial science as we know it today is traced through brief descriptions of the pioneering contributions of strong and meaningful personalities of England, Canada, and the United States who placed the foundation stones of the profession. From Dodson, to Mores, to Price, to Morgan, to Shoemaker, to Baker, to Gill, to Fackler, to Homans, to Wright, tells the story of the first century.

The century that has followed is less the story of individuals and more that of men joining together in organizations to build their profession. The societies are established, the educational programs are set, the research work is begun, the literature is published, and the ethical standards are formed. Here is a clear case study of how a "profession" is built; not by self-serving declaration by men that they are "professionals" but by the slow and sometimes tortuous process of practitioners qualifying themselves to serve distinctive public needs.

Yes, the actuarial profession is coming of age. Public recognition grows. Government recognition is coming with a rush. An actuary is quoted as describing the U.S. 1974 pension reform legislation as "The Actuaries' Full Employment Act of 1974." This light-hearted humor, found often in Mitchell's short history, leads me to my only real concern about his book. He has not repeated a single "actuary joke" in the entire volume! Is it possible that this objective journalist accepted a commission with a clause that forbade him to repeat any of these hoary stories that are told to actuaries on themselves more than by others? I'll always wonder.

Dr. Gregg is President of the American College of Life Underwriters. □

Actuarial Meetings

- Jan. 9, Baltimore Actuaries Club
- Jan. 20, Chicago Actuarial Club
- Feb. 13, Baltimore Actuaries Club

PLEASE get the schedules for your 1975 meeting dates to us as soon as possible. We would appreciate having them at least 2 months prior to meeting dates. □

Book-of-the-Month?

(Continued from page 1)

an eccentric Latin scholar who was the principal promoter of the Equitable Life Assurance Society in England 200 years ago decided to use the Anglicized version of *Actuarius* as a distinctive title of the chief administrative officer of his