



SOCIETY OF ACTUARIES

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Editor ANDREW C. WEBSTER Correspondence should be addressed:
The Actuary
 Associate Editors . . . COLIN E. JACK Mail Drop 13-2, 1740 Broadway
 FREDERIC SELTZER New York, N. Y. 10019
 JONATHAN L. WOOLEY Tel: (212) 586-4000

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EDITORIAL

WE are always pleased to hear from our correspondents on matters great and small. Recently there came a letter from a member of the Society inviting us to save energy and space by omitting the dots between the letters of abbreviation, e.g., FSA not F.S.A. This deserves careful consideration even though we are reminded of the patient in the ophthalmologist's office who explained to the doctor that he could read the eye chart but could not pronounce the words.

The 1976 Year Book has just arrived and we have been studying it with care particularly the examinations that we, fortunately, do not have to pass. We continue to be amazed at the scope of the examinations and we encourage the efforts of the E and E Committee to produce actuaries who are both practical and theoretical.

Sometimes we wonder whether the Syllabus might not lean more towards the practical side. A recent letter from another member of the Society drew our attention to an item in *The Smithsonian* which stated that "South American actuaries have estimated that a single ant eater will eat 30,000 fire ants in one day." Our correspondent concludes that the South American Syllabus must have a zoological content which is lacking in the Society Examination Syllabus. (E & E Committee please note.)

There are other ways of helping the budding actuary to be more practical as, for example, the following question that appeared in the examinations of another actuarial body:

Members of an actuarial group, intrigued by suggested antidotes to the consequences of drinking, investigated four of these antidotes:

- | | |
|-------------------------------|----------------------|
| (a) 2 lb. of mashed potatoes; | (c) 1 pint of water; |
| (b) 1 pint of milk; | (d) 1 raw onion. |

Twenty volunteers were used, five on each antidote, the allocation to antidote being random. One hour after each had drunk the same quantity of alcohol and swallowed the appropriate antidote, a blood test was carried out. The resulting levels (mg./dl.) of alcohol in the blood were as follows:

	(a)	(b)	(c)	(d)
	76	110	95	87
	52	96	145	93
	92	74	100	91
	80	105	100	120
	70	125	190	99

Construct an analysis of variance table and test whether or not the four antidotes have the same effect.

The student who could correctly answer such a question would feel very much better able to cope with the receptions which are such an important feature of Society meetings and this practical type of question could well encourage students to enter the profession. At least the subject of the question would be understood by the layman, much more easily than, we suggest, would some of the terms now proposed for pension plan terminology. *A.C.W.*

CHICAGO CORNER

What Goes On in Chicago?

In January, I described the new Society headquarters and invited members to drop in and see what it looks like. A natural question is, what goes on there?

The Society headquarters staff consists of 16 people, including Bern Bartels, the Society's Administrative Officer and myself. Bern is in charge of the direct supervision of the staff, and does an excellent job of keeping the office functioning smoothly.

An important part of the work of the office staff consists of maintaining membership lists, reporting dues payments etc., and generally taking care of all membership matters.

A most important part of the work involves the Education and Examination system. Approximately 10,000 persons sit for actuarial examinations every six months. Each individual must receive study notes (except for Parts 1-3) and tickets of admission to examination have their examination fees recorded and eventually receive the good or bad news. Most of this is normally routine but occasionally emergencies arise, such as occurred in the fall of 1975 with the Canadian mail strike. Then it was necessary to make special arrangements to deliver examination materials to the Canadian exam centers, inform the students where to report, and, since one of the Part Chairmen was a Canadian, make special provision for processing examination papers after the exam was given. There was a lot of frantic phone calling involved, but the Canadians ended up taking their exams on schedule, and that was what really mattered.

The sale of publications of the Society is a surprisingly important part of the work of the office staff. About \$100,000 worth of books and other Society publications, excluding Study Notes and material sent to members as part of their membership dues, are purchased each year. In each case, the appropriate publication must be taken from one of the Society's storerooms (we have six throughout the building), and mailed with an appropriate bill.

Many of you will never have the opportunity to meet many of the headquarters staff, but members attending

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Letters

(Continued from page 6)

The program is now supported by contributions from 17 Nebraska and 14 out-of-state insurance companies and consulting firms as well as by a number of individuals. These contributions are used, to provide an advisory grant to the Professor of Actuarial Science, to supplement the salary paid by the University, to provide for expenses of the program and of the professor not covered by the University, to provide scholarships for non-Nebraskan students, and to provide a program of rewards to students passing actuarial exams.

The purpose and program of the Committee have expanded over the years. Although its main function is to continue to obtain the necessary financial support for the program, the Committee is also involved in (1) promoting careers in actuarial science among the high school and college students in Nebraska, (2) promoting the actuarial science program in the states surrounding Nebraska, particularly through the actuarial clubs in those states, (3) assisting the Professor of Actuarial Science in curriculum development, and (4) working with the Chair of Actuarial Science to see that actuarial science courses, particularly basic actuarial mathematics courses, are available to home office employees in both Lincoln and Omaha.

The Chair has been fortunate in its occupants since it was founded. Dr. Robert E. Larson was the first professor and he was followed by Stephen G. Kellison. The current occupant following Mr. Kellison's departure in 1975 is Cecil D. Bykerk.

The Committee is most appreciative of the support it has received. We are grateful not only for the financial support from individuals, firms and companies both in and out of Nebraska, but also for the time given by members of the Nebraska Actuaries Club who work closely with the Committee. Without the assistance of these companies and these actuaries, we would not continue to have the outstanding program in actuarial science that now exists at the University of Nebraska.

*Frederick Rickers, Chairman,
Committee for the Chair of
Actuarial Science*

Ann Arbor Actuarial Conference

A conference on Classification Analysis and other topics in multivariate analysis will be held in the Chrysler Center for Continuing Education at the University of Michigan, Ann Arbor, Sept. 2, 3, and 4, 1976. The conference is sponsored by Casualty Actuarial Society, the Committee on Research of the Society of Actuaries, and the Departments of Mathematics and Statistics of the University of Michigan. Members of the Society of Actuaries, the Casualty Society and others interested in the subject are invited to attend. Attendance will be limited to approximately 100 persons.

The principal topic is classification of cases by the statistical analysis of many variables. Of particular interest will be methods which have developed rapidly with the availability of faster and larger computers in recent years. These include both general topics such as cluster analysis, logistic regression, discriminate analysis, and multi-dimensional scaling, as well as specific computer algorithms for these and other data ransacking procedures. Real applications to insurance data will be presented by the staff of the Life Insurance Marketing and Research Association.

Complete information can be obtained from Donald A. Jones, Department of Mathematics, University of Michigan, Ann Arbor, Mich. 48109.

Chicago*(Continued from page 2)*

a Society meeting have the chance to meet at least a couple of them, in addition to Bern and myself. Two of the staff travel to each meeting to work behind the registration desk, handling the many questions and problems which arise, as well as doing the routine work of laying out badges, selling banquet tickets, and the like. This is but a small part of the work they have had to do for the meeting. Prior to the meeting, they and the others on the staff have prepared badges, mailed meeting notices, collected and recorded registration fees, and performed dozens of other tasks, all designed to make the meetings run smoothly.

The Society office staff is also responsible for handling the office work of the American Academy of Actuaries and the Conference of Actuaries in Public Practice. One person is responsible for the Academy, another for the Conference, although, of course, the rest of the staff are available in case they need help. The Academy and Conference pay the Society for these services under the terms of a service agreement.

With all that they have to do, occasional errors are made; this might have happened to you. If it does, just let us know, so that we can correct the situation. In spite of the occasional error, I'm sure you'll agree that the staff does a very efficient job handling their many responsibilities.

P.W.P.

Canada Pension Plan Subsidies*(Continued from page 1)*

Increasing the contribution rate to cover current benefits and expenses as a minimum would lead to an eventual contribution rate of 3.95% by both the employer and his employees by the year 2025.

Earlier this year the Canadian Labour Congress proposed that the Canada Pension Plan be expanded to provide pensions of 75% of earnings up to the Y.M.P.E. commencing at age 60. The government has estimated that such a benefit level would increase the eventual contributions required to over 15% for both the employer and employee. Clearly, this would be a distortion of national priorities in favour of the retired segment of the population and drastically diminish the role of private pensions and the accumulation of productive capital. The initial response of the government was to oppose these changes but subsequently two steps have been taken:

- (1) It was announced that the private pension plan system should be studied, and
- (2) The Liberal Party, which is the party in power, adopted a resolution in favour of an increase in Canada Pension Plan benefits from 25% to 40% of covered earnings over a 10 year period. □