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TOO MANY OLD PEOPLE?

by Arthur Pedoe

"The United States has a new Federal Agency for old people, the National Institute on Aging, a reflection of an inexorable demographic trend that is altering the nature of America's population."

New York Times, October 24, 1976

We are here concerned with people aged 65 and over. They are receiving a great deal of attention these days and many newspaper items in the United States, Canada and Britain, referring to them, are of particular interest to actuaries.

Many angry letters were addressed to the London newspapers when at a conference there a doctor stated that people over 65 should live more dangerously and not coddle themselves so that there would be fewer of them! The speaker was Sir Richard Doll, M.D., F.R.S., Regius Professor of Medicine at Oxford, who had received a United Nations award for cancer research in 1962.

Curiously, a former Regius Professor of Medicine, some years ago, gained unfavourable publicity by a similar statement — Chloroform at 60! This was Sir William Osler who had done much to raise the standard of medicine in the United States while at the Johns Hopkins Medical School.

An article in the *New York Times* (Jan. 12, 1975), "The Scandal of Care for the Old," refers to the failure of public policy in nursing home care in the United States. Governor Carey has started two broad investigations into the N.Y. State nursing home industry following a series of charges of fraud, abuse of patients, and political protection. Medicaid in the U.S. has burgeoned to a \$10-billion a year industry: "a bonanza for alert entrepreneurs."

The increasing demands of older

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

INTERNATIONAL CONGRESS IN JAPAN

by Laurence E. Coward

No country in the world has a higher reputation for hospitality and efficiency than Japan. Those of us who attended the 20th International Congress of Actuaries held in Tokyo from Oct. 25 to Nov. 1, 1976, including about 120 United States actuaries and 40 Canadian actuaries and their "accompanying persons", had a fine opportunity to observe and enjoy these qualities. We were received with the utmost kindness and could not fail to be impressed by the excellence of the arrangements made for our convenience and pleasure by our Japanese hosts.

At the opening meeting at the Takarazuka Theatre we were greatly honoured by the presence of His Imperial Highness the Crown Prince and the Crown Princess of Japan. The Crown Prince, the Minister of Finance, and the President of the Congress gave speeches of greeting in Japanese — they were brief and printed translations were provided. We were entertained by a performance of kotos, a type of Japanese harp. To conclude, the Tokyo Symphony Orchestra showed its virtuosity by playing an exciting modern Japanese composition.

The business sections at such a large international meeting are bound to be

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ACTUARIES ARE NOT FOR THE BIRDS

by Don Rholl, M.A.A.A.

Note: We are indebted to Mr. Rholl and to Milliman & Robertson, Inc. for permission to reprint this article which appeared in the M & R Management Report.

Once upon a time there was a large wooded area that covered many acres. It was a favorite place for certain birds to live because there were so many worms and insects living there. And, of course, one of the most important jobs of birds is to keep the worm and insect problem under control.

Over the years, four distinct types of birds had come to inhabit the woods. There was the soabird, the fratbird, the casbird and the conbird. In these woods each type of bird was able to find the insects and worms that were suitable to it. None of the types could handle all the problems of all the different insects and worms, although some did try. As time passed, however, the birds learned to respect the fact that each bird had developed certain specialties and they tended to migrate to areas where they could use their specialties. As a result, each type of bird grew in numbers and all types prospered.

Even though the birds recognized their individual strengths and weaknesses, the caretaker of the woods came to them with a problem. Apparently the residents who needed the services of the birds really didn't know which bird to call on for a particular problem because they were confused about the birds' specialties and whether or not they really were qualified for serving!

Well! You can imagine the chagrin of the birds. After all, wasn't each member of each bird type qualified to per-

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International Congress

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rather formal and slow moving. Advance planning is essential, so there is little opportunity for surprise or for spontaneous repartee. Speakers, after giving advance notice of their desire to speak, must come to the microphone and speak fairly slowly since simultaneous translation is provided, the official languages being Japanese, English, French and German. All this takes time and it also takes time to get 1400 actuaries into and out of the meeting for a coffee break.

In spite of this inevitable formality, the Congress is very interesting and well worthwhile. Here are presented national reports on matters of actuarial concern from 25 countries. Here are presented comments on 128 well prepared papers on the four official subjects of the Congress, that is, Standards for Premium Rating, Mortality Rates, Private Pension Schemes, and Mathematical Researches on Insurance Company Management. Here is a unique opportunity to learn from other countries on matters of insurance practices, social security, and professional organization. World wide, actuaries are concerned about the effects of inflation, government intervention and consumerism on their business.

For many actuaries the greatest value of the Congress is in making contacts outside the official meetings, that is in renewing old acquaintances from foreign countries, making new ones, exchanging information and discussing problems of common concern.

It is hard and perhaps unfair to select one item for mention from so many excellent papers. However, I was especially interested in "A Historical Review of the Longevity of the Human Beings" presented by Mr. Hishinuma, President of the Institute of Actuaries of Japan. He quotes statistics bearing on human mortality in the Stone Age, the Roman Era and on through the Medieval Ages to modern times. He attempts to estimate the ultimate life span of the human race, and suggests a possible life expectancy of 77 for a male and 82 for a female.

Japan is smaller than California and has a population five times as large. Four-fifths of the area is mountainous. Since the rest is densely populated, the Japanese have developed a remarkable

discipline, cleanliness, and social cohesion. While everyday dress is western style, the kimono and sandals are often seen and women's lib has a long way to go to reach even the supposedly unsatisfactory western standards.

Prices of food in Japan are high. In the big hotels a cup of coffee or tea costs 200 to 400 Yen (60¢ to \$1.20); cocktails \$3; and a good meal \$10 to \$20 before the wine. However, the complete absence of tipping whether for taxis, meals or other services is most refreshing. At the various receptions and dinners we tried our skill with chopsticks and sampled many Japanese delicacies. Sukiyaki and Tempura were popular, but Sushi was not to everyone's taste.

Thursday was free for various excursions by bus: to Nikko the famous shrine center; to Kamakura and Hakone, a volcano caldera; or to Fuji, the sacred mountain. The goddess of Mount Fuji was shy on the day of our visit and shrouded herself in cloud. In fact we ran into a snowstorm on the way up the mountains requiring the buses to put on chains in order to return on the icy roads. However, on most days we could get a distant but clear view of Fuji from the 17th floor of the Imperial Hotel.

A visit to the Kabukiza Theatre was particularly memorable. Kabuki is a traditional dramatic performance in which female characters are always played by men. It features gorgeous costumes, elaborate makeup, singing, acting, and dancing to illustrate straightforward stories that are easy for westerners to appreciate and enjoy.

Another memorable event was a reception with varied entertainments at the Chinzanso gardens, where sake was drunk from little wooden boxes which many guests took home as souvenirs. We also remember the performance of the opera "Yuzuru", a tender story with very beautiful scenery.

We were amazed that many Japanese actuaries had been studying English for many months past in order to be able to converse with us for the one week of the Congress. This is an illustration of the great pains that were taken throughout to ensure that the Congress was a success. There was always someone ready with a smile and a bow to help solve any problem, reservations were always in order, and transportation was always waiting to take us to any function out-

PENSIONS AND THE PUBLIC

William C. Greenough and Francis P. King, *Pension Plans and Public Policy*, pp. 311. Columbia University Press, 1976, \$15.

by Stephen L. Brown

Messrs. Greenough and King bring a wealth of experience from their years at TIAA-CREF to this most lucid discussion of the relationships between public policy, social security, and private and public pension plans.

The book divides neatly into three main sections. The first five chapters are descriptive in nature, dealing with the history and current characteristics of public and private pension plans in the U.S. The second section focuses on three important areas requiring public policy decisions — vesting, financing, and income objectives. It is in these chapters that elements of controversy arise and in which the authors make some specific recommendations for the future. Finally, the book finishes with a interesting overview of pension systems in a number of foreign countries.

The chapter which is perhaps the most striking in this excellent book deals with the financing (or, more accurately, the lack of financing) of public pension plans. While many have become aware of the social security financing problems, only recently has the extent of state and municipal financing problems become evident. Even less well known are the huge and growing liabilities being developed by the civil service retirement system and the armed services pension system. When all these elements of the public pension scene are viewed together, it becomes clear that the combination of excessively generous plan provisions and insufficient or no funding is not a viable situation in the long run.

Books like "Pension Plans and Public Policy" represent one of the best methods of making large segments of society aware of the knotty problems and social policy questions inherent in the current U.S. pension structure.

Note: A more detailed review of this book will appear in the Transactions □

side the hotel. Everything was under perfect control (except the weather).

Our grateful thanks are due to the Committee of the Congress and in particular to our Japanese hosts for a delightful and memorable experience. □