



SOCIETY OF ACTUARIES

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# The Actuary

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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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## Hot for the Birds

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form certain services and wasn't the total job being done to the satisfaction of all the users of the service? But some thought that maybe an additional mark of qualification was necessary. And so they called a meeting to discuss the designation. Aca was finally chosen as the special additional designation. Some qualifications and requirements were set down for becoming an aca. Any bird from any type, not just from the soas, frats, cas' and cons, meeting those requirements could call him (or her) self an acabird.

Well, it wasn't *quite* that simple. You see there was still much loyalty to their original type name. So, there were now nine types of birds, although many birds were being counted in two groups. There were soabirds, soacabirds, fratbirds, fratacabirds, casbirds, casacabirds, conbirds, conacabirds and just plain acabirds. And the caretaker was happy because most of the residents were happy. And the residents were happy because they knew that when they called on an acabird they were really getting a qualified bird, although very few residents knew what particular insect and worm problem the bird was qualified for.

Nevertheless, things were quiet for a while and all the birds prospered. It took a visit by the owner to create another disruptive period. You see, the owner, Big Daddy, thought that one particular area of the woods was not being cared for properly. It was the home of the penworms, profitbugs and fringebeetles. And so Big Daddy decreed (he was the ultimate authority, you know) that a special group was to be selected to handle this area. And he chose the name enbirds for these specialists. Of course, the idea was that these specialists would be volunteers from the ranks of those who had previous experience with the problems of penworms, profitbugs, and fringebeetles. But the birds said it was kind of a ho hum thing to create a new bird type and quite unnecessary to reclassify the birds.

But wait! Big Daddy didn't say enbirds would be all birds! Suddenly, the birds realized that they were being asked to join a group with non-birds in it! Well, heavens to meadowlarks, what will

## Deaths

John N. Allman  
Carl R. Ashman  
C. Cather Boyle  
Barrett N. Coates  
George A. Cooke  
Wilbur M. Johnson  
George W. Shelly  
J. Paul Vallerand

they do next? Acabirds are one thing, but non-birds are something else. What was wrong with Big Daddy? Had he forgotten this was bird territory?

Well, as you might expect, Big Daddy won out. The caretaker was saddled with quite a job of sorting out all types, because now there were soabirds, soacabirds, soacenacabirds, fratbirds, fratacabirds, fratenacabirds, conbirds, conacabirds, conenacabirds, casbirds, casacabirds, casenacabirds, enacabirds, just plain acabirds and just plain enbirds. Fifteen types in all! You can imagine how confused the residents were now. Their sense of values had become so distorted they couldn't even state with assurance that a bird in the hand is worth two in the bush.

Now the work was begun on the penworms, profitbugs and fringebeetles. And how are all these various classes of birds going to get along? Will the new birds be welcomed by the old bird group? Will the old birds consider the new birds as intruders? Is there a greater power than Big Daddy? I'm sure you'll all keep tuned in for the next episode because this story will be continued. But for now that's a birdseye view of the current situation. □

## CONGRATULATIONS

We are pleased to learn that A. Hae-worth Robertson, Chief Actuary of the Social Security Administration, has recently received the Social Security Commissioner's Citation Award for his cogent reports, advice, and guidance to the Commissioner, the Executive Branch, and the Congress and we extend our congratulations to Mr. Robertson.

## Too Many Old People?

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people in the Welfare State may have given rise to Sir Richard Doll's remark. The news media in England report abuses and catastrophes in the system. The medical correspondent of a well-known English weekly, *The Spectator*, John Linklater, M.D., wrote in one article: "We now live in a fantastic Welfare State with a shortage of doctors so acute . . ." and in another: ". . . the public is becoming increasingly aware that the National Health Service is being strained to the breaking point . . . It was designed by fools to be operated by saints." Another responsible London newspaper reported that almost half the population in mental hospitals are over 65 and about half of these are over 75.

One hesitates to quote the foregoing but it is of significance to us on this side of the Atlantic. The Health Minister of the Province of Ontario has warned that if the growth in health costs continued at current rates, the Province would be bankrupt in ten years; the health care system must be made more efficient. Actuaries are aware of the escalation of disability and medical needs at the older ages.

In the United States the proportion of people age 65 and over is 10% and it is increasing; the number is almost 22 million: 9 million men and 12¾ million women. The proportion of those under age 20 is 36%. Thus almost half the population may be assumed to be non-productive. What reaction should we expect from the other half to this increasing burden?

Older people have been organizing themselves to put political pressure behind their demands. At the 1971 White House Conference on Aging (*The Actuary*, May 1972) there were 3,500 participants representing thousands of local conferences. Some of the highlights of the demands presented were that older people should have total cash income in accordance with the "American standard of living," adjusted annually for both cost of living and standards of living. The cost of the programs put forward was a minor consideration. An earlier reference to a plan "designed by fools"

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## Too Many Old People?

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should be taken to heart.

Let it be emphasized that one is full of sympathy with older people in this age of inflation of which they are the worst victims. But in this "permissive generation" all attention is focussed on "demand" and so little on "production"; chronic inflation is the main result.

Actuaries will ask what the mortality trend is among those age 65 and over. In Canada and England the mortality trend has been definitely downwards throughout life. In the United States some confusion may exist, for the U.S. Department of Health, Education and Welfare, (Series 20, No. 11, Sept. 1971) states that for men "for most age groups beginning with 15-19 years, the course of mortality was indeed upward in the 1960's." An increase in mortality at the older ages would tend to offset the problems discussed. However, looking to the future the statement quoted cannot be assumed to hold.

In U.S.H.E.W. Actuarial Study No. 72 (Bayo and McKay, July 1974) the population projections for OASDHI Cost Estimates do assume a downward trend in mortality for men and women in the next 25 years in the United States. To counter any thoughts of the effects of the research going on to increase the life span by 20%, it may be added that the assumed expectation of life for the year 2000 (males) is 13.59 years for age 65 as against 12.99 years for the years 1969-71; for female lives the corresponding figures are 18.12 and 16.83.

In the latest issue of J.I.A., Vol. 103, Part II, there is a paper by H.A.R. Barnett, F.I.A. on *The Non-Mortality of Annuitants*. In the discussion R. D. Clarke, F.I.A. referred to a conference he attended in 1971 in Zurich - - "A Forum on Human Ageing" - - indicating the research of certain biologists and others into ways of slowing down the process of human ageing, to consider youth prolonged to age 50, middle age extended from 50 to 100 and old age from 100 to say, 130. Actuaries would be terribly concerned as to the effect on existing reserves for annuities and pension funds but its effect on social conditions is equally important. Mr. Clarke

## COMMITTEE CHAIRMEN

We are glad to provide an up-to-date list of Chairmen of Committees in advance of publication of the 1977 Year Book.

### Standing Committees

Advisory Committee on Education and Examinations  
 Board of Publications  
     Editorial Board *The Actuary*  
     Editorial Board *Record*  
     Editorial Board *Transactions*  
 Career Consultation  
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 Complaints and Discipline  
 Continuing Education and Research  
     Computer Science  
     Economics and Finance  
     Health Insurance  
     Life and Health Corporate Affairs  
     Life Insurance and Annuities  
     Research  
     Retirement Plans  
     Social Insurance  
     Standard Notation and Nomenclature  
     Theory of Risk  
 Education and Examination  
 Elections  
 Futurism  
 Historian  
 Mortality and Morbidity Experience Studies  
     Aviation and Hazardous Sports  
     Individual Health Insurance  
     Individual Ordinary Insurance and Annuities  
     Group Annuities  
     Group Life and Health Insurance  
     Self-Administered Retirement Plans  
 Papers  
 Pensions  
 Professional Conduct  
 Professional Development  
 Program  
 Public Relations  
 Review

### Special Committees

Dividend Philosophy  
 Establish New Mortality Tables  
 Non-Forfeiture Laws  
 Preparation and Publication of Monetary Values  
 Valuation and Related Problems

### \*General Chairman

was relieved to learn that the biologists were a long way from achieving their objective.

One M.D. who approved Professor Doll's statement added that if more money was to be spent it should be "on further researches on rheumatism, bronchitis, deafness etc. which make approaching old age so wearisome." □

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 Jerome M. Stein

J. Edwin Matz  
 Julius Vogel  
 Ardian C. Gill  
 Walter L. Grace  
 C. Lambert Trowbridge

### Actuarial Meetings

Jan. 13, Baltimore Actuaries Club  
 Jan. 19, San Francisco Actuarial Club  
 Feb. 9, Actuaries Club of Des Moines  
 Feb. 10, Baltimore Actuaries Club

PLEASE send your scheduled meetings as far ahead as possible. And thanks to those who send us a year at a time! □