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E&E DEVELOPMENTS

by J. Alan Lauer

The Education and Examination Committee has been working on two important projects that are of interest to Society members and students. The first is a plan for joint administration of examinations with the Joint Board for the Enrollment of Actuaries, the American Society of Pension Actuaries (ASPA) and with the Casualty Actuarial Society (CAS). The second project involves a broader plan for an overall revision of the Society's Associateship and Fellowship examinations.

The first project got started after the Joint Board indicated, earlier this year, that it might be willing to participate in the joint administration of two examinations with the professional actuarial societies. In May, the Board of Governors passed a resolution authorizing the E&E Committee to jointly develop, with ASPA, CAS and the Joint Board, a workable plan for jointly administering the examinations for meeting the educational requirements for enrollment to perform actuarial services under ERISA. This plan for joint administration is subject to approval by the Executive Committee. The same Board resolution also authorized the E&E Committee to develop the necessary modifications of our own examinations, so that the Society of Actuaries could give credit for the jointly administered examinations as part of its syllabus. These syllabus modifications are subject to final approval by the Board of Governors.

The plan for joint administration is nearly completed, and is to be considered by the Educational Policy Committee at the end of August, and by the Executive Committee early in September. If the plan is approved, the first jointly administered examinations would be

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BOOK REVIEW

Robert W. Strain, ed., *Life Insurance Accounting*, pp. xii, 588. The Merritt Company, Santa Monica, California, 1977, \$21.50.

by John Cipoletti, CPA*

Life Insurance Accounting is the work of twenty three authors under the direction of the Insurance Accounting and Statistical Association (IASA). It was designed to be a reference source which does not require expertise in insurance, accounting, investments or any of the topics covered. The authors were selected from the business world and hence contribute a pragmatic touch to the subjects discussed. Most are insurance company executives or members of CPA firms.

The work is comprised of seven major sections which deal with the history of insurance accounting; assets; liabilities, capital and surplus; operations; generally accepted accounting principles (GAAP); planning; and reports and consolidations. Each chapter is written by a different author. A completed annual statement including instructions is also provided.

Life Insurance Accounting fulfills its desired goal in providing a basic insurance accounting text in easy to follow, non-technical terms. Those who have not been involved in insurance accounting will find the work to be educational and informative without being overwhelming in accounting theory. Readers who have been long away from this area will similarly benefit from it as a refresher. Those who are involved in accounting, however, will probably find the book too basic. Because of its intended role, some depth and technical

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THE PENSIONS SCENE IN CANADA

by D. Don Ezra

Laurence Coward says that every fifteen years Canada gets pension fever. The bout thirty years ago led to the creation of our flat-rate Old Age Security pensions for all over-65's, while fifteen years ago the temperature mounted as discussions took place that eventually led to the Canada and Quebec Pension Plans. Since then most provinces have adopted regulatory legislation for private sector pension plans, and funds have grown to almost \$30 billions. Evidence of the current fever is to be found in the number of studies of the system in progress, among them the Quebec "Cofrentes+" Commission and the Royal Commission on the Status of Pensions in Ontario. The Canadian Institute of Actuaries submitted formal briefs to both these Commissions.

The brief to the Ontario Royal Commission was divided into six sections:

(1) The real issue is the whole retirement system, not just pensions in isolation. A retirement system should permit a smooth transition (instead of the present abrupt change) from a working career to a retirement career in a manner economically neutral or beneficial to the country. For each person, this is an individual problem requiring individual planning, and no group programs, by governments and/or employers, will ever be a complete solution.

(2) The brief urges the Commission to encourage the development of public awareness of the cost aspects of financial planning for retirement, and provides two numerical examples. This theme, of decisions being made in the light of greater public understanding of the costs of alternative approaches, is one that continues throughout the brief. The Cana-

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Book Review*(Continued from page 1)*

descriptions have had to be sacrificed. Consequently, it would not likely be of great benefit in researching a particularly complex problem or transaction. Maximum profit comes from reading the book or at least major sections of it, in their entirety. In this way, it is more like a textbook than a dictionary. Each chapter does contain a list of additional readings which should prove to be a good starting point for more in-depth investigation.

As noted, *Life Insurance Accounting* is written in non-technical language. Do not expect to find theoretical discussions, pages of journal entries, mathematics, or technical descriptions of reserves. The individual topics are discussed from a statutory viewpoint but related to generally accepted accounting principles in a separate section. Subjects are tied in nicely to the annual statement and are covered in basically the same order as found on the statement blanks thus making it easy to follow along the sample annual statement included. Because there are twenty three different authors, there are a number of styles; some better than others. The summaries at the end of each chapter are generally too short to be really useful, and sometimes they are not actually summaries at all but information not included in the chapter. Each chapter includes a list of additional readings which, as noted, could be useful. This work touches on almost every area a life insurance accountant could become involved with, and it is worthwhile reading for anyone who has an interest in the life insurance industry.

Note: A more detailed review will appear in the Transactions.

Actuarial Meetings

- Sept. 19, Chicago Actuarial Club
- Sept. 20, Seattle Actuarial Club
- Sept. 21, Baltimore Actuaries Club
- Sept. 27, Actuarial Club of Pacific States
- Oct. 3, Actuaries Club of Indiana, Kentucky and Ohio
- Oct. 12, Baltimore Actuaries Club
- Oct. 12, Boston Actuaries Club
- Oct. 17, Chicago Actuarial Club
- Oct. 18, Seattle Actuarial Club

Social Security Notes

Francisco R. Bayo, Howard W. Shiman, Bruce R. Sobus, *United States Population Projections For OASDHI Cost Estimates*, Actuarial Study No. 77, Social Security Administration, Baltimore, Maryland, June 1978, pp. 40.

This study presents the latest population projections prepared by the Office of the Actuary. They underlie the long-range cost estimates for the Old-Age, Survivors, Disability & Hospital Insurance system, which were included in the 1978 reports of the OASDHI Boards of Trustees to the Congress. Detailed discussions are given of the mortality, fertility and migration assumptions. Alternative fertility assumptions are examined.

* * * *

History of the Provisions of Old-Age Survivors, Disability, and Health Insurance 1935-1977, Social Security Administration, Baltimore, Maryland, March 1978, pp. 15.

This booklet presents in tabular form a short history of the Social Security system from its beginning up through the 1977 amendments. Included are sections on covered employment, requirements for becoming insured, benefit calculations, beneficiary categories, and financing provisions. Due to the significant changes in the 1977 amendments, this is an extensive revision of previous similar booklets.

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Francisco R. Bayo, Stephen C. Goss, and Samuel S. Weissman, *Experience of Disabled-Worker Benefits Under OASDI, 1972-76*, Actuarial Study No. 75, Social Security Administration, Baltimore, Maryland, June 1978, pp. 41

This Study analyzes the 1972-76 incidence and termination experience of disabled-worker benefits under OASDI. Tables of disability incidence rates by age, sex, and year of entitlement are presented. Termination rates with a 5-year select period are shown for death and recovery separately by age and sex. Also presented is a brief analysis of past trends in disabled worker incidence and termination rates since the start of the OASDI program in 1956.

Copies of these Studies may be obtained free of charge from the Office of the Actuary, Social Security Administration, Baltimore, Maryland 21235.

Death

James H. Riggs

ARCH**Issue 1978.1**

On a Problem in Numerical Analysis,
Ralph Garfield

A General Relation Between Insurances and Annuities, Hans U. Gerber

Actuarial Note: The Distribution Functions of Collective Risk Theory as Linear Compounds, Ethan Stroh

Application of Linear Algebra in Graduation and Other Disciplines of Actuarial Sciences, Hans U. Gerber and Donald A. Jones

A Summary of the Conclusions of a Survey of Post-ERISA Small Pension Plan Valuation Assumptions, Arnold F. Shapiro

A Step by Step Approach to Calculating Gross Premiums, Claude Y. Paquin

A New Class of Moving-Weighted-Average Graduation Formulas, Peter A. Gerritson

With this issue, ARCH is becoming a twice yearly publication. The Society of Actuaries office in Chicago will handle publication and subscriptions. The Editors hope to produce an issue in June and December of each year and to keep the subscription price at \$10.00 annually.

Further inquiries regarding subscriptions should go to ARCH, Society of Actuaries, 208 South La Salle Street, Chicago, Illinois 60604. Any other inquiries and all contributions for publication should go to one of the co-editors, Arnold F. Shapiro, 509B Business Administration Building, The Pennsylvania State University, University Park, Pennsylvania 16802 or Courtland C. Smith, Cologne Life Reinsurance Company, P. O. Box 300, Stamford, Connecticut 06904.

"Tolstoy was never ambivalent. He was merely sure of different things at different times."

From a Book Review in the New York Times
Sometimes an opinion, sometimes a fact?