



SOCIETY OF ACTUARIES

Article from:

# The Actuary

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## The Wisconsin Imbrogio

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they have been doing for over 100 years.

This means that range tables are needed in the Buyer's Guide to give meaning to the index figures.

Originally the EPA rating for cars gave two figures. But consumers were confused by them. Now there is only one official EPA rating. Driving habits will result in better or worse performances, but as a comparative index it does an excellent job. We should learn from EPA that one figure is better than two, four, or six.

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By Ernest J. Moorhead, (D). When a buyer is confronted with either a favorable NPCI but an unfavorable SCI, or a favorable SCI but an unfavorable NPCI, what line of reasoning would he be wise to employ to reach a decision?

The plaintiffs support the idea that he should prefer the first of these if he intends to keep the policy until death—but should prefer the second if he plans eventually to surrender the policy.

But the vast majority of buyers begin with the expectation of keeping the policy until they die; what happens in practice is that, for one reason or another, they fail in about three cases out of four to do so. If somebody has evidence that the rate of voluntary termination is low among people who say they intend to keep paying premiums until death, let him produce it.

Agents in the main will pick the index that gives them the best chance of selling their policy. Buyers lack the experience that would enable them to decide which index ought most to sway them. And companies know very well that the road to profits is in designing policies whose surrender values are low and training agents to focus buyers' attention on the NPCI and to play down the importance of the SCI. □

### Actucrostics

Two more of these accompany this issue. Solutions will appear next month.

C.G.G.

## Examination Restructuring

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voted to these subjects alone.

*Goal 6:* To improve the treatment of nationally oriented material. In developing Canadian and U.S. readings, two concepts will be kept in mind: (1) to reap the educational advantages of pointing out the differences between the approaches in our two countries; (2) to separate the specific national details, particularly those of law and regulation.

*Goal 7:* To make the system more adaptable to the requirements of our various joint sponsors and administrators.

### Impact

Major revision in organization and content of the Society's education and examination structure has an unavoidable disturbing effect. But it can be quite exciting, even inspiring, as one sees in the enthusiasm and dedication of the many volunteers who work on these changes. We hope most will agree with us that the benefits much more than justify the trouble they entail. We believe we can promise that the new flexibility will cause future changes to become more evolutionary than revolutionary.

*Ed. Note: More particulars of these examination changes will be found in the Record, Vol. 5, No. 4 (Bal Harbour 1979), under the heading, "Current Professional Topics."* □

## ACTUARIES AND STATISTICIANS LISTEN TO EACH OTHER

by Robert J. Johansen

*Ed. Note: Mr. Johansen is Liaison Representative to the American Statistical Association and the Committee of Presidents of Statistical Societies. He developed the plan described in this article.*

Three well attended sessions on economic statistics at our annual meeting last October presented by the American Statistical Association begin an interchange between our professions that we hope will long continue. At the joint annual meeting of statistical societies next August, the Society of Actuaries will present two sessions, one on the build and blood pressure study, and the other on actuarial methodology. □

## To Friendly Algebraists

With this issue is an enquiry from Messrs. Walter B. Lowrie and Arnold A. Dicke of the Part 3 Committee which we commend to your attention and prompt reply. We hope to be permitted to tell readers how many responses came in.

## UNSHACKLING THE ACTUARIES

When Representative Bill Archer (R-Texas) and Prof. Wilbur J. Cohen, a long-time social insurance authority and member of the National Commission on Social Security, were interviewed for a *New York Times* article, "Social Security: Can Americans Afford It?", they made these comments about actuaries:

*Mr. Archer:* Well, a lot of our projections have been inaccurate. Many of the actuaries have been caused by political pressures to adopt projections that were not at all realistic. Even today they're still talking about the long-term at 4 percent inflation. We've got to do something to assure that the actuaries are given a free hand. . . .

*Mr. Cohen:* . . . Social Security ought to be made an independent corporation, with its own actuaries.

The article appeared on April 6. Our thanks to Ray M. Peterson for telling us about it. □

A number of papers I have heard at A.S.A. meetings are clearly of value to actuaries, and the same is true in reverse. But the sheer sizes of our bodies make full joint meetings out of the question; interchange of speakers on carefully chosen topics appears to be the right answer. The third step in this new cooperative arrangement will be a pair of concurrent sessions at our 1980 annual meeting—one on social indicators, the other on statistical methods and applications in follow-up studies.

### Ideas Invited

Society members with ideas for topics they would like statisticians to present at our future meetings, or who would like to appear on a 1981 or later program of the statistical associations, are invited to write to Robert J. Johansen at his Year Book address. □