



SOCIETY OF ACTUARIES

Article from:

# The Actuary

December 1980 – Volume 14, No. 10

## LETTERS

## Curricular Carrot

Sir:

Under the old Course of Study, Part 3 was the first truly actuarial examination, Parts 1 and 2 being preparatory in nature. But now it isn't until Part 4 that one begins to study traditional actuarial science. The result is that students hired by an insurance company without having passed any exams but with the necessary educational background, are well advised to take Part 4 ahead of any of Parts 1-3.

We should seriously consider rearranging the first five exams so as to bring peculiarly actuarial study to as early in the curriculum as possible, the following being my proposal:

- Part 1 Linear Algebra, Calculus, Probability and Statistics (5 hrs.)
- Part 2 Numerical Analysis, Operations Research, Compound Interest (5 hrs.)
- Part 3 Life Contingencies, Beginning and Advanced
- Part 4 Current 5B material, including some practical applications
- Part 5 New Part 6 for 1981, including some practical applications.

An important merit of this arrangement is that it would permit keeping our five-exam requirement for Associateship. I fear that requiring seven exams for Associateship makes that "pot of gold" appear too far off to a beginning student, and that the "professional" designation, "Student" doesn't buy much.

Ira L. Boyle

\* \* \* \*

## Service to Students

Sir:

Recently I began teaching an actuarial course for the new Part 7-E, which is also the EA-2 exam of the Joint Board for the Enrollment of Actuaries.

I soon requested and received from the Joint Board copies of the 150 multiple-choice questions and answers used in 1977-79. My students did the same, although only one had known that these

PACIFIC STATES CLUB EXAMINES  
FUTURE OF LIFE INSURANCE  
DELIVERY SYSTEM

by Ira L. Boyle

Inflation, agreed those discussing this topic at the Pebble Beach meeting of the Actuarial Club of the Pacific States, is resulting in purchase of more term insurance and also is hurting persistency of all plans. Agents are getting hurt because of inflation, and there's fear that the agency system may have to undergo fundamental changes.

Solutions include: new compensation structures, a different delivery system (perhaps direct mail) for term insurance, and fresh products such as "total life" (essentially term insurance with a side fund).

Our delivery system is expensive. (*Ed. Note: This has been pointed out for at least fifteen years—see, e.g., Nathan F. Jones, T.S.A. XVII, D336-7*). Marketing and home office costs, excluding federal income taxes, often account for as much as 50% of the entire first year and renewal premiums. Minimum loss ratio requirements for health insurance in many states would be impossible to meet if they were applied to life insurance!

This discussion closed on a more positive note, however, with the cheering observation that although today's agency system may not be the most appropriate in all markets, there still are, and will continue to be, markets where it is the best. □

could be had for the asking. But the Society hasn't yet distributed copies, nor even said that they are available.

Next time around, the Society should give these students the help they deserve in preparing for what is in fact a government exam, whether we like that or not. The alternative is to continue allowing an unwarranted advantage to certain applicants for the E.A. designation, some of them not affiliated with the Society.

Richard G. Schreitmueller

*Ed. Note: Director of Education Linden Cole thanks the writer for his fine suggestion. The Society happily accepts this opportunity to begin notifying students next year.*

Requesting Suggestions on Our  
Election Process

A large problem with our elections is that so many of our Fellows know so little about the candidates amongst whom we must try to choose. As our membership has grown, this difficulty has grown apace. Maybe this helps to explain why only 56% of our Fellows voted in 1980.

Each candidate's biographical summary printed in the ballot papers is supposed to help, but gives only superficial and partial particulars to those not already acquainted with the candidate. So we ask your help. What additional information would enable you to vote more intelligently? What suggestions can you offer, on how we might provide better information, fairly and efficiently? Or, what new election procedure might alleviate the difficulty?

We are rightly proud of the Society's democratic election tradition, but it takes an informed electorate to make such a system work effectively.

This is a call to any and all Fellows to send me your ideas. The Committee on Elections will give them careful attention.

Write to me, won't you?

Paul Barnhart, *Chairman*  
1981 Committee on Elections  
959 Gardenview Office Parkway  
St. Louis, MO 63141

*Ed. Note: Attention is drawn to the pro and con of one proffered suggestion, in our issues of Feb. (p. 6) and May (p. 7) 1980.* □

## A Point of Order

Sir:

There appears to be no cohesive force behind the policies of our exam committees, as evidenced by the restructures, changes, revisions, additions, deletions, and alterations which the exam structure goes through as the Society tries to appease and fit every exam-giving body that has anything to do with actuarial science.

This flux causes hardship for the students. But more importantly it destroys faith in the Society's leadership. This undermining of members' confidence

(Continued on page 7)