



SOCIETY OF ACTUARIES

Article from:

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## Letters

(Continued from page 6)

1975, p. 137) says that if the renewal net premium is less than the 19-payment life net premium at (issue age+1), CRVM produces full preliminary term reserves, but careful reading of the entire chapter reveals that this statement is true only for a *level-premium policy*, which deposit term isn't.

CRVM, of course, is defined not by a textbook but by statutory language. The law contains no statement linking the policy's renewal net premium to 19-payment life; it happens that such a test applies when premiums are level.

When the algebra called for by the law is worked out for a policy with varying premiums, the result is not a full preliminary term reserve but, in fact, a reserve substantially greater. I will be happy to send a mathematical demonstration of this to any reader who will write to me at my address in the Society Year Book.

Paul E. Sarnoff

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## Is Ne Passeront Pas

Sir:

While the effort to obtain two 5's on the same exam one year apart (Richard L. Marker's letter, November 1979) is no doubt greater than obtaining a pass score the first time around, I believe our employers generally would be wiser to retain one who has demonstrated the better memory in carrying out an actuarial mission, other things being equal. Further, I suggest that the passing criteria be higher for the same exam retaken within one year, to recognize that more effort was expended.

Roland A. Dieter

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Sir:

A line has already been drawn—at one 6.

T. Allen Park

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## Harmonic Progression

Sir:

A review in an English magazine of some recently reissued recordings (to mark the centenary of Sir Thomas Beecham's birth) contained this comment:

"Despite Sir Thomas' farseeing actuarial mind, immediate sponsorship and payment of his orchestra concerned him more, perhaps, in those years than royalties in the future."

I for one never associated that famous musician with actuarial science. Have other readers come across similar usage (or misuse!) of our profession's adjective?

Brian L. Burnell

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## A Workable Work-Saver?

Sir:

The Flesch test cannot be given to a computer to perform because a computer cannot count syllables. But I believe an equally suitable reading-ease test that can be applied by computer and thus can eliminate expensive manual counting, is obtainable by substituting letters-per-word (L) for syllables-per-word (S).

If it were desired that this new test conform to the characteristics of the present Flesch test, the formula might reasonably be

$$W + 25.25L < 164.369$$

instead of Norman Buck's simplified  $W + 83.350S < 164.369$  (September issue).

On the other hand, if a change is to be made at all, new modern values of the Flesch constants might well be sought. The problem is: Could state acceptance of a new formula be obtained?

James L. Harlin

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## Abundant Pulcibus Vitiis

Sir:

Yes, there is *joie de vivre* in insurance regulation; at least there is a sense of humor. Witness the following response received by a life insurer from one of the more impish regulators:

In the ten-day free look provision you use the Latin phrase *ab initio*. It has been the general policy of this department to disapprove forms which contain foreign language phrases unfamiliar to the general public. *A fortiori* it is contrary to the purpose of our readability law.

Joseph R. Lawrence

## COMPETITION II

Earl Hoffman made the following fine suggestion (and one closely related to that made by Pete Plumley) for this month's Competition:

Give the titles for two papers to be presented at the Society of Actuaries' Annual Meeting in the fall of 2179 (to be held, of course, at the Sheraton Great Spot on Jupiter).

Here are Earl's suggested entries:

*Mortality Tables for Travelers At or Near the Speed of Light.*

*Impact on Pension Plans of Deferred Retirement Beyond Age 265.*

or, that old standby,

*Reorganization of the Actuarial Profession.*

There will be three excellent prizes to the three entries that come closest to being true.

Please send contributions to the Competition Editor at the masthead address of *The Actuary*.

C.C.G.

## NEWS FROM LONDON

In the January issue of FIASCO is a suggestion from M. A. Pomery:

"... we are muddling along, inflation-proofing some financial transactions but not others . . . we have a civil service every member of which is protected to the grave from the effects of inflation. Is there not a strong case, if we really want to reduce inflation in this country, for passing a law forbidding any financial transaction or arrangement to carry any form of automatic inflation-proofing or index-linking? If not, the only logical alternative is to index-link every transaction and what incentive is then left for anyone to try to reduce the rate of inflation?"

There is also a vigorous exchange of views on whether the general insurance business that, to quote one writer, "for nearly 250 years has been conducted with a remarkable record of success by non-actuaries", is in vast need of actuarial expertise.

FIASCO is seeking local volunteers to increase its reporting of actuarial items from outside the U.K., "especially American journals." If we learn of anybody taking this on, we'll start air-mailing *The Actuary* to that reporter. □

E.J.M.