



SOCIETY OF ACTUARIES

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on the old reserve basis with that for the new face amount and the 4% reserve. A natural consequence of this is that dividends in future years will increase less rapidly than they would have increased had the policy not been changed. Policy provisions, specially the policy loan interest rate, were to remain unchanged.

Since the increases in face amount that emerged from the arithmetic were sometimes large, even exceeding 20%, it was felt necessary to place limits thereon to protect against possible severe adverse selection in the event that the proportion of such policyholders accepting the offer proved disappointingly low. Policies subjected to these limits were granted dividend additions offsetting their decreases in basic reserves.

So that all tax savings resulting from the program would be passed along to the policyholders who accept the offer, implementation costs for developing, publicizing and administering the program are being paid out of general surplus. The plan has been approved by all 50 states and the District of Columbia, and the company expects about a two-thirds acceptance rate.

Field Force Considerations

The change being a policy change, not in any sense a replacement, and there being no premium increase, no agent's commission accrues. Yet it was necessary to secure thorough and widespread agent cooperation if policyholders' questions were to be adequately answered and the considerations involved in making the choice sufficiently understood. Agents were given complete details of the program, and were placed in a position to explain the computer-prepared comparisons that were, over a period of a year, being mailed to eligible policyholders.

The company believes that the pains it has taken to acquaint its agents with the purpose and merits of the offer will minimize instances of replacement of policies within the company, and that the favorable terms of the program make any attempts by agents of other companies to raid the business unlikely to succeed.

A SALUTE TO OUR 25 OLD-TIMERS WHO ATTAINED THEIR PRESENT MEMBERSHIP STATUS BEFORE 1925

1913	Paul V. Montgomery, FSA	Dallas, Texas
1917	Charles W. Gamerdinger, FSA Henry G. Sellman, ASA	West Hartford, Conn. Monmouth, Ill.
1919	Erston Marshall, FSA W. Rulon Williamson, FSA John V. Hanna, ASA	Atlanta, Ga. Windsor, Conn. Concord, N. H.
1920	William P. Barber, Jr., FSA F. Bruce Gerhard, FSA Marcus Gunn, FSA James E. Hoskins, FSA	Redington Beach, Fla. Summit, N. J. Sacramento, Calif. West Hartford, Conn.
1921	Horace Holmes, FSA Francis McAdam Smith, FSA	Kitchener, Ont. Long Bell Island, N. J.
1922	Alden T. Bunyan, FSA Elder A. Porter, FSA	West Hartford, Conn. Athens, Ohio
1923	J. Gordon Beatty, FSA Henry S. Beers, FSA Arthur W. Larsen, FSA Morris Pike, ASA Norris E. Sheppard, ASA	Toronto, Ont. Tucson, Ariz. Omaha, Neb. White Plains, N. Y. Toronto, Ont.
1924	Albert E. Babbitt, FSA Reinhard A. Hohaus, FSA George L. Holmes, FSA James T. Phillips, FSA John D. Williamson, FSA Elizabeth W. Wilson, ASA	New York, N. Y. Greens Farms, Conn. Willowdale, Ont. Toronto, Ont. Toronto, Ont. Lexington, Mass.

Acknowledgements to the Institute of Actuaries, which shows this information annually in its *Year Book*, and to Messrs. Oates and von Schilling who suggested (May issue) that we start doing likewise.

What Will Other Companies Do?

This program naturally has created widespread interest, making it likely that this lead will in due course be extensively followed. Similar offers, however, are expected to make their appearance slowly because the systems required to accomplish the task are complicated, specially so in companies whose patterns of policy editions are less adaptable to making straightforward conversions than in this company.

Ed. Note: We learn of one other company, Pan-American Life, that is making a similar benefit increase on its old policies effective June 30, 1980. One difference is that no formal policyholder acceptance is being solicited, because in their version future cash values will always be at least as large as if the increases in death benefits had not been granted, and the current dividend scale is being continued.

Deaths

Frederic P. Chapman, F.S.A. 1933
Juris Lielais, A.S.A. 1979
James S. Elston, F.S.A. 1918

Jim Elston was particularly active in the American Institute of Actuaries. He was Editor of *The Record* from 1929 to 1946 and was one of the Vice Presidents at the time of the merger with the Society.

He also edited the second edition of the Society's Actuarial Study No. 1, *Sources and Characteristics of the Principal Mortality Tables*.

Contributions to the Actuarial Edition & Research Fund, 208 S. LaSalle St., Chicago, 60604, in memory of any deceased Society member are acknowledged to the donor and to the member's family.