

### Article from:

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# Ictuar

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#### AN EDITORIAL BY THE PRESIDENT

#### WHERE ARE THE ISSUES OF YESTERYEARS?

S the fifteenth incoming President to have the privilege of contributing an A editorial, I have sought to avoid the embarassment of inadvertent repetition by re-reading those of my predecessors from Miller to Leckie. Not surprisingly, each of those messages continues to be apposite today.

In 1967, Morton D. Miller pointed to our need for communication and to the role of this newsletter, then in its first year. That present need is at least as great; happily, The Actuary continues to perform its significant function.

Member involvement in Society affairs has been the voiced concern of three presidents-Milliman (1968), Lancaster (1970) and Leckie (1980). I echo them in appealing to members to volunteer for committee service, to submit papers, and to participate in discussions at our meetings and our seminars.

The actuary's role has been discussed from various viewpoints by Moorhead (1969), Myers (1971), Lew (1973), Bragg (1975), Halvorson (1977) and Barnhart (1978). Their observations remain pertinent as we enter 1982.

Bowles (1972) focussed on problems we face in dealing with the world beyond our professional boundaries. We still must be aware of how the public sees us.

Public expression of opinion by the Society and its committees was Trowbridge's theme (1974). His remarks bring to mind subsequent controversy on just what constitutes an opinion rather than a statement of fact.

Reorganization of our profession in North America was the topic chosen by Jackson (1976). The present generation looks upon reorganization as dead, or perhaps just dormant; in its stead, cooperation and coordination among the actuarial organizations become steadily stronger, specially through the Council of Presidents and various joint committees. And recognition of actuaries, stressed by Vogel (1979), surely is still basic to our profession and the Society.

So, with reorganization as the one possible exception, the subjects of fourteen years of presidential editorials are front-rank questions still. We may expect to hear more about them all in the busy year now starting.

Robert H. Hoskins

#### **Joint Paper Wins Halmstad Prize**

James C. Hickman, F.S.A. and Robert B. Miller, Ph.D. have been awarded the second David Garrick Halmstad prize for their 1979 paper, Bayesian Bivariate Graduation and Forecasting. Both are Professors of Business and Statistics at University of Wisconsin-Madison. The presentations were made at our Atlanta meeting in October by John A. Mereu on behalf of the awards committee.

The prize-winning paper was published in ARCH 1979.3, p.99. A revised version is to appear in the Scandinavian Actuarial Journal (1981).

The history and sponsorship of this award, and the procedure for nominating candidates for the best paper on actuarial research published in 1980, are set forth on page 1 of this newsletter's May 1980 issue.

We join in extending hearty congratulations to Profs. Hickman and Miller whose names are now added to that of Prof. Phelim P. Boyle, winner for 1978.

#### **New Risk Theory**

(Continued from page 1)

Although historically treated in a deterministic, i.e., single-valued, way, mortality rates, interest rates and the like are, of course, variables; we have been dealing with only their expected values. The recent volatility of interest rates has brought home to us that considering expected values is not good enough; disciplined analysis of variations has become critical to responsible management of our risk-taking enterprises.

Even if interest rates had remained stable, we would still find ourselves sorely in need of the tools this new textbook will give us. Examples of practical actuarial problems that require them include: calculating risk charges, choosing margins for adverse deviation in GAAP reserves, setting retention limits, deriving experience-rating formulas, establishing surplus requirements for a company or a line of business, and justifying pricing assumptions to regulatory authorities.

Unless actuaries can deal with these problems with authority, non-actuarial specialists will fill the void. Our leadership position is at stake.