



SOCIETY OF ACTUARIES

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In addition to the customary departments: "Problems and Solutions" (two items), and "Teachers' Corner" (three items), this issue contains:

Synopsis of Sixteenth Actuarial Research Conference, Ernest R. Vogt

Bayesian Graduation of FHA/HUD Single Family Home Mortgage Insurance Contracts, Thomas N. Herzog

The Intersection of Portfolio Theory and Risk Theory, James C. Hickman

The Simplex Algorithm and the Exchange Method, Hans U. Gerber

In Defense of Minimum-R, Linear Compound Graduation, and a Simple Modification for Its Improvement, Richard L. London

Installment Premiums, Richard L. London

Actuarial Applications of Techebyshew's Inequality, Murray Silver

Student's Note: King's Z-Method and Compound Statuses: An Algebraic Approach, Joseph L. Tupper, III

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Students' Society

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programme of discussions and lectures was given during the run-up period to the exams. Subjects ranged from Approximate Summation and Force of Mortality to Life Assurance Bookkeeping and Indian Railway Securities. Many gatherings were led by men who themselves had yet to qualify.

Vigour and Diligence

These programmes, interrupted only during the two World Wars, have continued with unabated vigour, though

their focus has shifted from needs of the exam-writing student to those of the younger qualified actuary. That turning point came when the Actuarial Tuition Service began in 1937; it was the fulfilment of the Students' Society's original mission, and the moment when it began to evolve into a postgraduate body. The path to the Tuition Service had been well laid; anyone who follows its history in Frederick A. A. Menzler's "The First Fifty Years" will appreciate the diligent and painstaking labours put in by Society members.

Of particular note is the "Consolidation of Reading" series, on essential actuarial matters such as Valuation and Surplus, Life Assurance Premiums and Extra Risks, texts brought out during the 1930's. Their authors were men such as J. H. Gunlake and C. F. Wood, both later Presidents of the Institute; their works indeed were text-books in all but name; prejudice against permitting students such a luxury persisted even through those days.

L'Episode Seal

After the Second war ended came the most heroic episode of the Society's history. Hilary Latham Seal, who had been an Admiralty statistician, became aware of our profession's considerable ignorance of the power of modern statistical techniques. Taking over the Society Journal (JSS) in 1946 as Editor, he forthwith "fraudulently converted the sum of £500 entrusted to him, by using it to edit and publish a highly abstruse mathematical periodical of no interest or value to members of the Society"; so reads the indictment against him in a famous trial at the Prudential's Conference Hall in December 1947 before Mr. 'Justice' Phillips, F.I.A.

Seal was duly convicted of the 'crime', but his only punishment was to have to serve two more sessions as Journal Editor. He proved himself totally unrepentant, continuing to publish high-powered statistical papers unintelligible to most of the readership. Nevertheless, he and his colleagues performed a valuable service to the profession, forcing it to accept the rightful place of statistics in actuarial work, a subject much neglected since the later years of the nineteenth century.

In case prospective JSS readers might

be discouraged by this, let it be said that since Seal's time its content has reverted to a balanced mix of special and general interest actuarial papers. The Alden Press, Osney Mead, Oxford, maintains a subscribers' list on behalf of the Students' Society; readers of *The Actuary* are cordially invited to join that list by direct application to Alden Press. The current volume of JSS, No. 25, to be published soon, contains a paper about advanced simulation methods, intriguingly entitled "Should Actuaries Be Random?", which qualifies for Mr. Hilary Latham's Seal of Approval.

Ed. Note: An amendment in 1966 to the Students' Society rules permits a Society of Actuaries member to join the Students' Society. For information about this agreeable prospect, write to E. J. Moorhead at this newsletter's masthead.

Actuaries in Hong Kong

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erance pay, and there are minor benefits for residents who are disabled, over age 70, or on very low incomes.

The Actuarial Association of Hong Kong

Founded in 1967 on the initiative of the two actuaries then resident, their associates and certain people in the Government Statistics Department, the Actuarial Association of Hong Kong started with 12 members, since when it has grown five-fold. In 1981 the Association held five meetings with papers or discussions on such subjects as Reinsurance, Actuarial Education and Evaluating Investment Performance.

The Association's membership includes about 16 Associates and 25 Student Members of the Institute or Society. Most students are taking the Society examinations, some preparing for exams through actuarial courses at the University of Hong Kong.

Hong Kong, like other Far East countries except Japan, is still unsophisticated in life insurance and employee benefits; nevertheless, rapid economic development in this part of the world seems highly likely to lead to expanding use of actuarial skills and influence. □