



SOCIETY OF ACTUARIES

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E. & E. CORNER

Ques.: What are the E. & E. Committee's plans for bringing the topic Computers onto the syllabus?

Ans.: There are no plans to make Computers a separate syllabus topic, but computer applications, applied to appropriate existing topics, will be phased into our exams as new materials develop. Students thus will be tested on how the computer would be used to solve actuarial, insurance, business, mathematical and statistical problems, and to describe potential applications, but will not be tested on how a computer is constructed, or how it works, or how to program in any particular language. The Education Committee will gradually put this plan into operation.

Ques.: How many of the students taking and passing the Part 7 Enrolled Actuary exam are Associates? Is the excessively low pass rate attributable to many non-Society "types" taking this exam?

Ans.: By comparing the pass list for the November 1982 EA-2 examination with the 1983 Yearbook, we find that of the 201 who passed, 166 are Associates. Of the remaining 35, 33 requested Society credit, but of course we don't know how many of these firmly intend to complete the Society examinations. We believe that EA-2 candidates who are A.S.A.'s scored neither significantly better nor worse than other candidates, but to prove this would require a laborious check of individual records.

Ques.: Why doesn't the Society allow calculators to be used in its exams?

Ans.: We believe that calculators should be permitted in all Society exams, and are working on guidelines to be effective in May 1984.

The most difficult guideline to draft is that which defines acceptable calculators and bars from the examination room those with features such as financial and statistical functions, alpha-numeric storage and programming capabilities, that would prevent us from knowing whether students have learned the material. To ensure that such a ban works, we must enable examination supervisors to identify acceptable calculators; we may issue to students a list of the specific permissible models. An announcement to students will be made when guidelines have been set. □

INDEX-LINKED SECURITIES IN THE U.K.

by Alistair Neill,
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Two-and-a-half years ago the British Government started to issue index-linked securities—the redemption value and coupon both increase with the UK Consumer Price Index, but the value before redemption is determined by the stock market. Initially this was done in a small way and offered to a restricted group of investors (pension funds), but now anybody can hold these securities.

I have been trying to keep actuaries across the water in touch with this interesting development. In my last report (Jan. 1983 issue) I mentioned the changes in yields that had occurred; at that time our CPI increase had fallen into single digits. Now that it has declined even further, to about 4%, it is noteworthy that the yield on index-linked securities has risen, but only enough to regain the 3% level. Presumably the ex-

pectation is that the price index won't stay down at its present level for long, noting for comparison that normal Government securities yield about 11%.

There are now nine index-linked stocks, forming a gradually increasing proportion (now about 6%) of the total UK Government securities market; maturity dates are spread between 1988 and 2016. When these were first offered, actuaries had the idea of issuing annuities that would increase with the price index, but it was recognized that there would have to be a reasonable spread in maturity dates of the stocks before even rough investment matching would be possible; until then the risks to the insurance company would be excessive. Now that there is more of a spread, there are some tentative entries into the market for these price-index-guaranteed annuities. But, as one might expect, people seem to prefer the "bird in the hand" after looking at the decrease in the initial payment under the indexed annuity (this being perhaps 50% to 60% of the corresponding level annuity). □

COLLEGES THAT PRODUCED 19TH CENTURY ACTUARIES

Who were the earliest graduates of various of our universities and colleges who became actuaries? We think we know some of them (listed below), and will be glad to be notified of corrections and additions.

<i>University or College</i>	<i>Earliest Graduate (and Some Second Earliest)</i>
Amherst	Emerson W. Peet, 1856. Henry W. Smith, 1859.
College of City of NY	James W. Mason, 1855. David P. Fackler & Oscar B. Ireland, 1859.
Columbia	William Bard, 1797.
Columbia of New Jersey	Emory McClintock, 1859.
Gettysburg	John J. Brinkerhoff, 1869.
Hamilton	Ezekiel B. Elliott, 1844.
Harvard	T. Russell Jencks, 1821. Sears C. Walker, 1825.
Indiana	George W. Sanders, 1869.
Jefferson	Charles F. McCay, 1829.
Lafayette	James C. Crawford, 1871.
Michigan	John E. Clark, 1856.
New York University	Israel C. Pierson, 1865.
Princeton	Amzi Dodd, 1841. Walter S. Nichols, 1863.
Rutgers	Joseph P. Bradley, 1836.
Toronto	William McCabe, 1863. Alfred K. Blackadar, 1876.
Union College	John S. Paterson, 1865.
Virginia	Edward B. Smith, 1854.
Waynesburg	Jesse J. Barker, c. 1870.
West Point	William H. C. Bartlett, 1826. Lewis Merrill, 1855.
Williams	William S. Smith, 1860. Joseph H. Nitchie, 1870.
Yale	Guy R. Phelps, 1825. Elizur Wright, 1826.