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THE BRAGG SMOKER AND NON-SMOKER MORTALITY TABLES AND HEALTH INSURANCE REPORT

by *W. Allan Keltie*

Actuaries are indebted to colleagues at Sun Life of Canada for their foresight in inserting, in 1965, a question about smoking in their life insurance applications for both U.S.A. and Canada. By 1980, sufficient experience (over 2000 deaths) had emerged to permit calculating trustworthy mortality ratios; years must pass till inter-company statistics can accomplish this as satisfactorily.

Furthermore, the Sun Life figures appear to suffer from minimal applicant bias in answering the smoking question; the answer was recorded by a medical examiner, and didn't affect terms of issue because the company then had no non-smoker rate differential, and the applicant's declaration did not apply to the question on smoking.

Mortality Table Construction

John M. Bragg used the Sun Life mortality ratios, supplemented by other data from life companies, from the Cancer Society, and from the U.S. Surgeon General, to construct his non-smoker and smoker mortality tables and to produce his Health Insurance Report. The basic experience is 10-year select and ultimate, sex-distinct. These tables, loaded for contingencies by the Society's 1980 CSO formula (TSA 33, 643), seem worth considering as an improvement upon the valuation tables circulated for comment by the Society Task Force in March 1983.

Mr. Bragg's mortality tables were the starting point for his Report to companies that have introduced smoker/non-smoker differentials for health insurance. He compared mortality rates for these two classes by cause of death with medical cause of disablement, and developed an analytical method for splitting known (blended) claim costs into those applicable to smokers and non-smokers, regarded as usable in either group for individual health insurance.

The Bragg Tables and Report—available as described in the Society Yearbook, p. 74—have been well received and are now in use by companies headquartered in Canada, United States, Europe and Japan. The basic data, brought up to date, were reported upon in a paper by Donald L. Gauer at the Fifth World Conference on Smoking and Health, held in Winnipeg in July 1983. □

SOCIETY TASK FORCE ON SMOKER/NON-SMOKER MORTALITY: AN UPDATE

By *Peter A. Marion, Chairman*

The charge originally given this Task Force was to "gather together whatever experience is available on non-smoker mortality and to prepare a report analyzing that experience". This was later amended to call for development of "a set of interim scaling factors from the data available to the Task Force by March 1, 1983, which, in the opinion of the Committee, will produce better valuations than not recognizing the smoker/non-smoker differential at all".

On March 1, 1983, the Task Force issued an Exposure Draft of its report, including a summary of the intercompany mortality experience currently available and the scaling factors which the Task Force developed. These scaling factors define a division of the 1980 CSO Male and Female Tables into component Smoker and Non-Smoker Tables. This Exposure Draft was distributed to all Society members, with a request for comments by June 30th. The Task Force is now reviewing the eleven comments that came in, and revising its report to reflect valid criticisms and suggestions. All comments, along with the Task Force responses thereto, will be printed in the final report which we hope to release before the 1983 Annual Meeting.

The Exposure Draft was presented to the Society Executive Committee in March, and to the NAIC in June. We hope that our final report will receive Board acceptance in October, facilitating its acceptance by the NAIC in December. □

SIGHTINGS

James E. Hoskins and John Donohue both spotted the following in a *Hartford Courant* (Conn.) column about computerized Fitness Evaluations:

"The computer also calculated my basal metabolism...That's how many calories I'd burn if I stayed inert (by lying in bed all day, or, say, taking a job as an actuary)."

Paul G. Schott sent us the following from the *Philadelphia Inquirer*:

"...people living longer...collect more Social Security before they visit the Great Actuary in the Sky."

It seems that *not* becoming an actuary, although a very common occurrence, is at times newsworthy. *Kiran Desai* found an article in *Executive World Magazine* profiling economist Milton Friedman. Friedman had been planning an actuarial career when he was sidetracked by economics.

US magazine says of Australian actor Bryan Brown (Breaker Morant, A Town Like Alice, The Thorn Birds):

"After high school, Brown turned down a university scholarship and took a job as an insurance actuary."

It must mean something different in Australia.

Arthur C. Garwood, Jr. saw the following in an *Omaha World-Herald* article about life in Florida:

"Year round residents...claim the only people who die young in Florida are insurance actuaries and bookies who give the Dolphins points over the Redskins."

I must admit that I don't understand what this is supposed to mean. *D.A.P.*

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GARFIELD SOLUTION MANUALS— PARTS 2 & 4

Solution manuals, prepared by Ralph Garfield, Ph.D., F.I.A., A.S.A., Chairman, Actuarial Science Div., College of Insurance, New York City, are now available. These give 100 solutions from Nov. 1981 and May 1982 Part 2 questions, and 200 from Nov. 1981-May 1983 Part 4 (EA-1) questions. For information, write to Actuarial Study Materials, Box 522, Merrick, NY 11566.

E. & E. STAFF EDITION

We welcome Marta Holmberg, Ph.D. who just joined the Director of Education's staff at headquarters. She recently earned her doctorate in experimental psychology at McMaster University. One of her immediate assignments will be to standardize and improve examination procedures. Dr. Holmberg is no stranger to our profession; her brother, Randall D. Holmberg, is an F.C.A.S.