

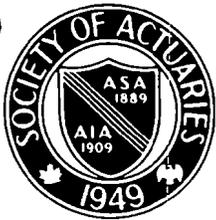


SOCIETY OF ACTUARIES

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## The Newsletter of the Society of Actuaries

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### ACTUARIAL EDUCATION OVERSEAS

by Linden Cole

The Society of Actuaries has special committees working now to try to identify ways of improving actuarial education in North America. We have discovered that similar efforts are underway in both the United Kingdom and Australia.

In the U.K., the Institute of Actuaries has its examinations broken into an "A" group and a "B" group, similar to our Associateship and Fellowship examinations. The Institute relies heavily on a tutorial program to teach the students, rather than leaving them entirely on their own. In the tutorial program, students are given drill problems and quizzes, and get feedback on their performance.

In Australia, the Institute of Actuaries in Australia requires the British "A" group, but an Australian "B" group, for Fellowship in the Australian Institute. They offer formal classes for the "B" group exams in both Sydney and Melbourne, where the vast majority of students are located. For the "A" group, however, the students in the Sydney area receive credit by means of the undergraduate courses at Macquarie University, without any further testing by either the Australian or the British Institute.

The concerns which the two Institutes have addressed are somewhat different from concerns being addressed by the Society of Actuaries. The first concern is that the system is putting too much strain on the available volunteers, because of the emphasis on tutorial courses and classes. They construct and grade quizzes and sets of drill problems, as well as the final examination. A second major concern is the average length of time to reach Fellowship,

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### PARTICIPATING IN ACTUARIAL MEETINGS

by Bob Likins

One of the ways we can continue our professional development and contribute to our profession is to get involved in a Society of Actuaries or other actuarial organization meeting. We, of the Society's Committee on Professional Development, offer readers a reminder of how they can become participants in actuarial meetings.

#### Actuarial Meetings

There are many actuarial meetings to choose from. Besides the Society's four yearly meetings, there are also Section Meetings and Continuing Education Seminars. The American Academy of Actuaries sponsors meetings, including the Enrolled Actuaries meeting, and the Canadian Institute of Actuaries holds three meetings annually. The Conference of Actuaries in Public Practice has an annual meeting and the Casualty Actuarial Society has two meetings each year. Remember your local Actuarial Clubs — they are good places to share your expertise with a smaller group of people.

#### Meeting Forms

The Society meeting formats change to meet the needs of the subject matter and audience.

- *Panel Discussions* present specific topics with limited audience participation. Participants include the moderator, the panelists and a recorder. The moderator enlists the panelists who make presentations on the specific topic and the recorder who edits the remarks for inclusion in the *Record*.

- *Open Forums* are used when broad discussion of a topic is appropriate.

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### WHY NOT RANDOM INTEREST?

by James C. Hickman

Instead of building on the assumption that time until death is a random variable, why doesn't *Actuarial Mathematics* start with the premise that the rate of investment income is a random process? During the past 20 years, it has been the uncertainty in the rate of investment earnings that has produced the greatest inconvenience in managing pension and insurance systems.

This question and statement are typical of many made to the authors of *Actuarial Mathematics*. The question deserves an answer. However, like most important questions, the response can be made at several levels, each deeper than its predecessor.

#### Tradition

The first answer is based on tradition. Life tables and actuarial science started together. A life table provides an estimate of the distribution of time until death. For many years methods of constructing life tables have been a topic in actuarial education. The same cannot be said for models of the rate of investment earnings.

#### Scenarios

A second response is motivated by the current popularity of developing interest rate scenarios. These scenarios are used in building models to estimate surplus requirements related to interest rate risk. Can these scenarios be used with a life table in a model that will combine the random nature of both time until death and the rate of investment income? The answer is a qualified yes. The qualification is that a probability distribution must be defined on the set of scenarios.

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