

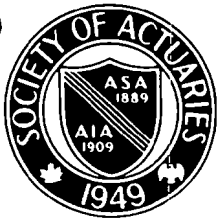


SOCIETY OF ACTUARIES

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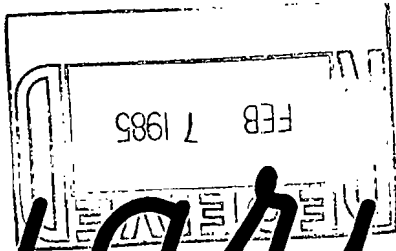
The Actuary

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The Actuary

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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WELL DONE!

To Examination Supervisors, Proctors, and others who assisted in the administration of the November 1984 Actuarial Exams:

We are grateful to you for your efforts. Thank you.

*Bernard A. Bartels
Martha M. Quattrocchi
Examinations Department
Society of Actuaries*

Actuarial Meetings

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They are usually structured to include substantial audience participation. Participants and their functions are similar to those for a Panel Discussion.

- *Workshops* provide an opportunity for more informal and detailed discussion of a topic and are structured for small groups. Each Workshop has a chairperson and co-chairperson who initiate and stimulate discussion among all attendees. This is the first way most members participate in Society meetings.

- *Open Workshops* are designed as larger versions of the traditional Workshop.

- *Teaching Sessions* are presented by a single, particularly knowledgeable lecturer. Audience participation is limited to questions and answers, as time permits.

Any attendee can participate on an *ad hoc* basis in the comments, questions and answers of any of the above meeting forms. (A written submission of your remarks is requested if you wish to have them included in the *Record* for a Panel Discussion or Open Forum.) Some of the most interesting discussions are between the panelists and persons questioning them from the audience. You are encouraged to come to all sessions prepared to ask questions and to share your knowledge.

Planned Involvement

Let's look at how you can get involved in a meeting on other than an *ad hoc* basis. Again, consider a Society meeting. In the past, the Program Committee surveyed contacts representing a cross section of actuarial interests for topic and speaker suggestions. Currently the Program Committee is moving in the direction of using a membership

sampling technique and working more closely with the Sections in arranging for programs and speakers.

Once the *tentative* program is set by the Program Committee, it is distributed (in July 1984 for the April and May 1985 meetings) to the SOA membership along with a form for suggesting additional topics and another for indicating your interest in being a speaker.

A subcommittee of the Program Committee works with representatives of the Sections to list possible moderators and chairpersons from the volunteers, suggested names and their own awareness of knowledgeable speakers. This group decides which potential speakers to contact first and the Committee's Recruiting Coordinators begin recruiting the moderators and chairpersons. If you are a relatively new actuary or haven't participated in meetings much in the past and you want to be a speaker, take the initiative and call a Program Committee chairperson (see the *Yearbook* for names) or the Society meeting coordinator.

After the moderators and chairpersons are recruited, they fill the other positions for the session. For some sessions there are still unfilled positions at the time the *preliminary* agenda (the multicolored, glossy spreadsheet) is distributed to the SOA membership. To volunteer at this point, call the designated moderator or chairperson.

The Committee is interested in hearing from volunteers. While some topics are popular and easy to get speakers for, the Program Committee doesn't know all the possible speakers. The Committee would like to find new speakers and encourage the use of younger Society members, but it's important that you take the initiative if you want to participate.

Who's An Expert?

Individuals who have concentrated their effort on the solution to a specific problem can probably share knowledge with their peers to the benefit of all. Don't feel a need to have spent a large part of your career or to have authored papers on a subject before you can successfully share your knowledge. The environment is changing too quickly for actuaries to keep up on all important subjects. Volunteer to spread your knowledge! □

Letters

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regulators, and I do not anticipate their appearance. That is why I believe rigorous disclosure will never be provided to life insurance consumers.

Joseph M. Belth

Education Methods Study

Sir:

Jim Murphy's "Future Education Methods Study" (October issue) was of particular interest to me in my role as Chairman of the Committee for the Chair of Actuarial Science of the Nebraska Actuaries Club. This Committee, composed of actuaries of life and health insurance companies in Lincoln and Omaha, serves as an industry and a professional liaison with the Actuarial Science Program at the University of Nebraska-Lincoln (UNL). The study to be conducted by the Traditional Task Force may have a direct impact on how academic programs function.

Some of the alternate approaches to be considered by the Task Force, such as examination waiver based on college credit, may well be appropriate for the first three examinations. The background for these examinations is basically mathematical and may well be handled adequately by mathematics faculty. Part 4, although basically mathematical, requires a strong actuarial faculty because it uses different concepts. The later examinations, which draw heavily upon practical applications, are much better handled by actuarial faculty with some direct experience in the insurance industry.

The strength of the Actuarial Science Program at UNL has been the faculty that the program has attracted. These individuals have combined a strong academic background with practical actuarial experience. In recent years it has become more difficult, however, to attract practicing actuaries to academic positions. Whenever there has been a vacancy on the actuarial staff at UNL in the past, there have been several FSA applicants who also have strong academic backgrounds.

At the present time we are seeking to fill a vacancy on the staff, but thus far

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