



SOCIETY OF ACTUARIES

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HIV Infection cont'd.

There is considerable interest at the state level in testing public health clients, with special emphasis on family planning and sexually-transmitted-disease (STD) clients. (Since it is anticipated that heterosexual spread will occur primarily in populations at risk for other STDs, this does provide an approach to studying heterosexual transmission.) CDC has recommended that routine counseling and testing should be provided to persons seeking treatment for STDs, to IV drug users, and to women of child-bearing age with identifiable risks. Routine counseling and testing has been defined as "a policy to provide these services to all clients after informing them that testing will be done. Except where testing is required by law, individuals have the right to decline to be tested without being denied health care or other services." See [3].

The right to reject routine testing, again, introduces bias into seroprevalence estimates among client populations. This is compounded in those states that require written consent for routine testing. See [8].

For the purposes of obtaining unbiased seroprevalence estimates among client populations, random sampling of unidentified blood specimens is the preferred approach, where this is allowed by law. Such a method, however, precludes informing the client of his/her seroprevalence status and prohibits contact tracing, i.e., there is potential conflict between the clinical and the statistical purposes for seroprevalence testing. Blind testing also limits the epidemiologic research possibilities, since the inability to follow back inhibits the study of risk factors. The latter is of considerable importance as we struggle to understand the epidemiology of heterosexual spread. However, obtaining valid seroprevalence estimates is probably even more critical.

Thus, for example, the District of Columbia is currently planning random anonymous sampling of blood specimens from homosexual men, women of child bearing age, IV drug users, and prison inmates. Blood specimens from public health clinics, hospitals, drug rehabilitation centers, and other locations would be sampled without the clients' knowledge. The

District's attorneys are currently investigating the legality of this. See [9]. Similarly, the state of New York plans to sample 100,000 hospital blood specimens anonymously over the next year. However, some clinical information will be recorded to allow the determination of risk group status. See [5]. It is certainly questionable how reliable this risk group determination can be, in the absence of detailed individual investigations.

In addition, seven states are planning to test newborn PKU blood specimens as an approach to tracking heterosexual transmission [11].

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Valuation Guidelines for Participating Whole Life Policies

by the Committee on Valuation and Related Areas (COVARA),
Robert W. Stein, *Chairperson*

Prior issues of *The Actuary* have reported on discussions concerning appropriate means of testing the adequacy of cash-flows for various lines of business. COVARA has reviewed some of the information presented, particularly the recent suggestion that cash-flow testing for some participating whole life business is not necessary to support conclusions regarding the adequacy of assets funding such business.

COVARA believes that valuation guidelines for participating whole life business should be consistent with guidelines for other types of policies. The valuation actuary must bear the burden of proof that his or her analysis is sufficient to confirm reserve adequacy.

COVARA also believes there is no reason to exempt some par whole life policies from the general valuation guidelines any more than there is to require cash-flow analyses for all other types of policies. The methodology employed by the valuation actuary should always (1) confirm the adequacy of assets to provide for the company's obligations, (2) recognize all material factors, and (3) sufficiently test potential variability. The actuary who does not project future asset liability cash flows will need to be satisfied that the methodology used meets these tests. Detailed cash-flow testing may not be required every year.

The character of the participating whole life line will vary widely among companies. For example, there will be significant differences in dividend philosophy, premium-dividend levels, net cost, competitive position, supporting assets and policyholder dividend expectations. The degree to which dividends could actually be reduced in a given adverse situation will vary among companies, depending on factors such as management's attitude toward dividend reductions and the effect of dividend reductions on persistency, particularly in

Continued on page 11 column 1

Valuation Guidelines cont'd.

high or volatile interest environments.

As valuation experience and technology improves, more specific standards for appropriate analytical intensity may evolve. Our profession should not presume any exclusionary standards until sufficient information has developed to fully support such exclusions.

Robert W. Stein is a Partner at Ernst & Whinney. He is the 1988 Chairperson for the SOA Committee on Valuation and Related Areas.

Society of Actuaries Seminar Program

by Barbara M. Choyke

The tenth anniversary of the SOA seminar program is this spring. In the first year, 3 topics were offered, with a total of 500 members attending. Today, we offer 12 to 14 topics a year, with total attendance figures around 2000. The information explosion, changing nature of knowledge, organizational complexity, and drive to maintain excellence have been the impetus behind the learning objectives of these programs. Professional accountability, development of new technologies, and the constant shift in governmental regulatory patterns have raised the consciousness of professionals to view continuing education programs as more than a stage of human development.

The Society's continuing education/seminar department offers seminars, symposia, conferences, workshops and audio cassettes. This fall, video cassettes, teleconferences and computer assisted programs are currently in the planning stages. The Committee on Continuing Education solicits topic suggestions through its liaison with Sections, the Program Committee and other committees as well as from the general membership. Board of Governors and Society staff.

Topics that involve current, vital issues, anticipated future trends, theories, models, and practical "how to's" are very popular. Program structures that include exercises, simulations, and audience participation are the most successful.

Heterogeneous needs of the individual members require delivery systems and formats where members

Seminar Program cont'd.

work and learn from each other. The upcoming continuing education programs promise timely topics, exciting formats and well-qualified, enthusiastic colleagues leading sessions relevant to today's actuarial work.

Input on seminar topics, faculty and format is always welcomed. Suggestions can be mailed to the Seminar Department at the Society or phoned to me, the Director of Continuing Education. In the meantime, plan to spend a day or two with us exchanging information, learning a new technique, and networking. Topics that may provide spring training for you are: Financial Reinsurance, Retiree Medical Benefits, Taxation of the Life Insurance Company, Chief Actuaries Open Forum, Strategic Management of Life Insurance Company Surplus, CCRC's, Insurance and the AIDS Epidemic.

Barbara M. Choyke is the SOA Director of Continuing Education.

Nonroutine Actions of the Board of Governors January 21, 1988 Chicago, Illinois

1. The Board accepted the report of the Society's AIDS Task Force and discharged the Task Force with thanks for an excellent report produced in a short time period. This report will be made available to the membership.

Further, the Board approved the appointment of a committee within the research structure of the Society that would focus on the spread of the HIV-AIDS epidemic. The committee will be responsible for the collection of HIV and AIDS data, both from a population standpoint and an insurance perspective, and for the development of models of the impact of the spread of the disease.

The Board also approved the appointment of a task force under the supervision of the Committee on Valuation and Related Areas to address the implications of AIDS for the valuation actuary. This could include modeling the impact of AIDS on insurance companies as well as developing and refining procedures for recognizing the impact of AIDS in valuation.

2. In accordance with recommendations from the Task Force to Revitalize SOA Research, the Board:

Approved the hiring of a research professional to work on the Society's mortality and morbidity experience studies, with the position to be funded from revenue received by the Society for these studies.

Approved the hiring of an additional research professional and directed the Treasurer to include a provision for this cost in the 1988-89 preliminary budget.

Approved provision for \$150,000 in seed money to explore increased research activities and directed the Treasurer to include a provision for this cost in the 1988-89 preliminary budget. The expenditure of these funds will depend on the identification of worthwhile research projects.

Directed the Administration and Finance Committee to develop a recommendation for establishing an appropriate fund to receive monies for Society of Actuaries research, including a provision for Canadian contributions.

3. With the Society office lease expiring soon and with favorable leasing opportunities currently available, a move of the office to another location within the suburban Chicago area is being contemplated for the summer of 1988. The Board authorized the Administration and Finance Committee and the Executive Committee to execute appropriate documents should they approve such a move.

4. The Board extended the Society's policy prohibiting smoking to apply to all business (committee, task force, and section) meetings of the Society.

Anthony T. Spano
Secretary
January 1988

In Memoriam

Oliver R. Ainslie F.S.A. 1944
George R. Fraser F.S.A. 1949
Anthony J. Savasta A.S.A. 1966
Theodore A. Stemmermann F.S.A. 1931