



SOCIETY OF ACTUARIES

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Replacement ratios cont'd

2. Net investment in farm or business.
3. Net changes in saving and checking accounts.
4. Net changes in money owed by the household.
5. Net changes in U.S. Savings Bond holdings.
6. Amount received on surrender of life insurance policies.
7. Contributions to retirement programs.

Conclusion

The information we were able to gather from the CES provides a great deal of help in the design of employer retirement and savings programs. We hope to continue to update the results as future CES reports are published.

Fred Munzenmaier is Vice President, Alexander & Alexander Consulting Group, Inc.

Symposium on the future of healthcare

The SOA and the American Hospital Association joined forces for the first time to conduct the 1989 Healthcare Symposium in Chicago April 5-6, held in conjunction with the SOA Spring Meeting.

Much of the symposium focused on "Looking Ahead at America's Healthcare," which was addressed by keynote speaker Roy Amara, President and Senior Research Fellow for the Institute for the Future. Amara predicted that escalating healthcare costs will cause immense changes in the U.S. healthcare system in the next 10 to 20 years.

He said patients will lose their freedom to choose their physicians as the percentage of individuals in HMOs and other managed-care systems increases. In addition, Amara said physicians will lose much of their clinical and economic autonomy as they see their incomes diminish. Employers, who currently pay more than 40% of the nation's healthcare bills, will demand a bigger say in how the money is spent.

Other topics addressed at the symposium included "Forecasting Health Insurance Premiums," "Are Hospitals Making a Profit?," and "Chaos in Healthcare Costs and Who Is Going to Pay?"

Attendance was high at the SOA Spring Meeting with 778 participants.

New Society research program under way

by Mark G. Doherty

The Society research program is gaining momentum. Seven projects have been approved:

- Actuarial Aspects of Continuing Care Retirement Communities (CCRC)
- Adverse Selection Models
- Bond Data Base
- Correlation of Quality and Default by Category or Insurance Company Investment
- Health Data Base
- Interest Sensitive Cash Flow and Analysis
- U.S. Economics Statistics for Pension Actuaries.

The Project Oversight Groups (POGs) for these activities have been appointed. The POGs, which provide direction and guidance to the researchers, are finalizing descriptions of what they wish to accomplish with these efforts. The POGs also are seeking potential researchers interested in the specific topics to begin the work. These research projects have been funded by the Society in amounts of \$5,000 to \$25,000. Some Sections have offered additional financial support for those projects of particular interest to their members. An insert offering more information on the CCRC project is included with this issue. Anyone interested in and having expertise in any other of the research projects should complete the "Actuarial Research Interest" questionnaire also included in this mailing.

Draft chapters of an extensive monograph on Derivative Securities and the Management of Financial Risk are undergoing review. The work by Phelim Boyle, FCIA, of the University of Waterloo is progressing quite well. The purpose of the research is to communicate concepts and models from modern financial economics and investment theory that are useful in actuarial science. As such, the monograph includes chapters on:

- Interest Rates and Yield Curves
- Duration
- Options, Forwards, and Futures
- Arbitrage Relationships
- Models of Uncertainty
- Option Pricing Models

- Stochastic Interest Rate Models
- Examples and Applications.

The intent is to have a book published by the end of 1989.

The other side of the Society's research effort and, perhaps, the mainstay of our work is the experience studies. Great emphasis is being placed on the timeliness of the data and the addition of new data contributors.

Studies in process or nearing completion at this time include:

- 1985-86 Individual Life
- 1978-83 Large Amounts
- 1981-86 Comparative Mortality
- 1985-86 Aviation Statistics
- 1984-85 Loss of Time
- 1976-84 Individual Annuity
- 1985-87 Group Annuity.

While we have a great deal of work ahead to make our *Reports* more timely, we are allocating much of our resources to addressing the timeliness issue as well as improving our experience studies in general.

Mark G. Doherty is SOA Director of Research.

Reaching the half-century mark

Sometime during 1989, 14 actuaries will celebrate their 50th year as either Fellows or Associates. FSAs who attained Fellowship in 1939 are:

B. Franklin Blair
Lawrence C. Bonnycastle
Stanley E. Brock
Donald D. Cody
James F. Coleman
Leo J. Danzinger
Archibald H. McAulay
William A. Poissant
Philip A. Rabenau
Edward H. Wells
Bert A. Winter

Associates who will reach the half-century mark include:

Donald C. Baillie
George R. Kensit
Alfred W. Perkins