



SOCIETY OF ACTUARIES

Article from:

The Actuary

February 1990 – Volume 24, No. 12

Society research efforts gain momentum

by Curtis E. Huntington

The Society research program has begun to show results. The "Economic Statistics for Pension Actuaries" project published its first edition and already has distributed an update of tables with information available on a monthly basis. The Project Oversight Group (POG) has now focused on the next phase of this research, preparation of a "Resource List." This list is intended to provide information on surveys, publications and data sources of interest to pension actuaries.

As reported in the December *Actuary*, the "Actuarial Aspects of Continuing Care Retirement Communities" project was awarded to Milliman & Robertson, Inc., after careful review of several proposals. The first phase of the effort, which involves data gathering and a comprehensive literature search, is under way. This project is expected to result in a model that will give actuaries a better understanding of demographic information required for sound valuations of CCRCs as well as indicate the important data elements that should be collected for experience studies.

The first phase of the "Interest Sensitive Cash Flow and Analysis" project is progressing as a joint venture with LIMRA. We also anticipate involving university actuarial researchers. The initial emphasis is on single premium deferred annuities. The Product Development and Financial Reporting Sections have provided about half of the Society's estimated financial share of this project. LIMRA will modify its upcoming SPDA survey to accommodate the SOA requirements and work closely with the Society's POG and researchers. Both the Society and LIMRA are interested in SPDAs as a pilot study to determine if in-depth data collections and analyses of other interest sensitive products possibly are warranted.

The POG for the "Correlation of Quality and Risk by Category of Insurance Company Investment" project has focused on private placement debt and mortgages as a starting point. The POG is in the process of recommending specifications for the

research based in part on an offer of a major insurer to provide data for such a study. The concept is to develop a definition to capture the true costs of a default. "Default" in this sense can involve restructuring of the debt instrument or change in asset quality to avoid a true default. The next step is to collect data to determine the experience that insurers have had. Future studies could include real estate and "junk" bonds.

The mortality and morbidity studies continue to expand in terms of amount of data collected, the number of companies contributing data and the types of analyses. A major effort this year is directed at group life insurance and exploring what types of group health studies might be reasonable and feasible to conduct. Our emphasis has been on addressing the timeliness of our data and studies by allocating significantly more resources to the Society's experience reports.

Experience studies are scheduled as follows in the next three Reports:

1985-86-87 Reports
Publication: Summer 1990
Contents:
1985-86 Standard Ordinary Mortality Study
1978-83 Large Amounts Mortality Study
1984 & 85 Individual Disability Study
1985 & 86 Group Annuity Mortality Study
1986-87 LIMRA Lapse Surveys (U.S. and Canada)
1986-87 CIA Ordinary Life Mortality Study
1985 & 86 Aviation Statistics
1988-89-90 Reports
Publication: Summer 1991
Contents:
1986-87 Standard Ordinary Mortality Study
1986 Individual Disability Study
1987 & 88 Group Annuity Mortality Study
1980-84 Group Long Term Disability Study
1987-88 LIMRA Lapse Surveys (U.S. and Canada)
1987-88 CIA Ordinary Life Mortality Study
1983-88 Cause of Death Study
1984-88 Long Term Care Study

1980-84 Individual Annuity Mortality Study
1984-88 Individual Annuity Mortality Study
Updated Hazardous Sports Survey

1991 Reports
Publication: Summer 1992
Contents:
1987-88 Standard Ordinary Mortality Study
1988-89 Standard Ordinary Mortality Study
1987 Individual Disability Study
1989 Group Annuity Mortality Study
1983-87 Group Long Term Disability Study
1980-88 Group Life Mortality Study
1987 & 88 Aviation Statistics
1988-89 LIMRA Lapse Surveys (U.S. and Canada)
1988-89 CIA Ordinary Life Mortality Study
1985-89 Self Administered Pension System Mortality Study
1983-88 Large Amounts Mortality Study
1983-88 Cause of Death Study

Several other projects are under way, including a study on the actuarial aspects of the risk of international currency fluctuation.

The Research Policy Committee remains committed to evaluating research projects proposed by members and would welcome your suggestions. Please contact me or the Society's research staff with your ideas and comments. The Section Councils have been very helpful in identifying issues of importance to their constituents, and contacting the appropriate Section leadership with your recommendations also is encouraged.

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Mail alert

The 1990 Society of Actuaries *Yearbook* was mailed to members on January 9 and 10. If you have not received your *Yearbook*, please call the Society office at 708-706-3500.