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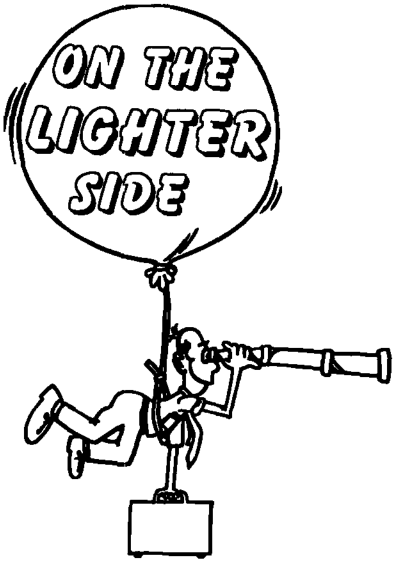

Group actuaries going to the dogs

by Virginia R. Young

Recently a blurb advertising health insurance for pets wandered across my desk. As a group health actuary interested in new products — especially in today's political environment — I was intrigued by the idea of group insurance products for animals. (I could say something about this being a dog-eat-dog world, but I won't.)

My ideas on health insurance for cats and dogs in this article could be generalized to other species and to other products. In fact, some actuaries may wish to specialize in, say, tropical bird flocks (remember, this is group insurance) just to be able to work for companies located in warmer climates. (By the way, I'm in Wausau, Wisconsin. Look it up.)

Cats are so independent they're not likely to purchase health insurance. In fact, they will probably self-insure their ordinary medical costs. To manage their really big claims, they will buy cat-astrophic coverage.

An aside to actuaries working in individual insurance. A friend of mine proposed that one could develop multi-life insurance for a single cat. For example, one product that might have a lot of appeal is a death benefit that pays on the ninth death of the insured cat. In addition to the usual actuarial pricing variables, one would use a factor for pre-existing deaths. Also, don't forget that important policy provision, namely the suicide claws.

By now, your mind is churning over other multi-life products for cats, such as an annuity payable from life three through life five, with a benefit paid at the eighth death if it occurs at least ten years after the fifth death. Variations abound!

Back to the group track. In contrast to the habits of cats, dogs naturally form packs and always for purposes other than the purchase of insurance. One could argue, however, that the group is a cooperative that provides social insurance to its members. Dog packs, therefore, satisfy the first rule of group underwriting. On the other hand, packs don't have very good credit ratings, so I asked some friends, "Who will buy this insurance?" They answered, "The owner, of course. After all, it's a master policy."

Pricing variables include some of those used for humans, such as age, sex, and industry. Let me suggest three categories for the industries of dogs: working, hunting, and all other — also known as froo-froo. In addition, geographic location will influence medical costs of dogs. For example, if the density of traffic is high, then more accidents will occur. An offset to this effect is that most urban dogs are not allowed to run freely. Area factors also will take into account the incidence of diseases, such as Lyme disease. If the frequency of canine infection is not known, then the actuary can wave a magic dart and back into it by looking at statistics for the rate of human infection for the relative populations of deer, humans, and dogs.

It looks like consulting actuaries will have plenty of work to do in gathering data to use in developing a rating manual: Health Cost Leashlines.

Academic actuaries will have new areas to research, such as furry set applications in insurance and bulldog cur-edibility. "Where will these academic actuaries work?" you ask. De Pauw University, of course.

"For full protection we recommend 9 separate life insurance policies."

If you too are a group health actuary who sees group health insurance for animals as a wonderful career opportunity, team up with me, and we'll be reigning cats and dogs.

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Actuarial puzzlers make strong showing

Julian Ochrymowych, *The Actuary's* puzzle editor reports that several actuaries participated in the American Crossword Tournament, March 26-28, 1993, in Stamford, Connecticut. He and Marcia Sanders placed in the top 25% of the 192 competitors. Lois Abel, a rookie who read about the tournament in *The Actuary* (February 1993), made a strong first showing.

The highlight was watching actuaries Ellen Ripstein and Doug Hoylman compete with non-actuary Trip Payne for the top three spots in a sudden death contest, according to Ochrymowych. Simultaneously solving a larger-than-life, difficult grid before the audience, the three experienced a tense ordeal. Hoylman placed third and Ripstein placed second. "It's heartening to have two actuaries finish so near the top," Ochrymowych said. "If only Mr. Payne would consider an actuarial career...."