



SOCIETY OF ACTUARIES

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The Newsletter of the
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THE Actuary

E&E developments

by Bruce Moore

The Society's Education and Examination (E&E) system has changed and grown substantially over the past few years. In 1991, the Society administered 60,400 examinations on 52 courses. Nearly 500 Fellows, or 7% of all FSAs, are involved in E&E committees. Many others are involved in support roles as proctors and study note authors.

Over the past few years, the Flexible Education Methods (FEM) and Flexible Education System (FES) have been implemented for Fellowship and Associateship courses. They provide enhanced educational opportunities and flexibility in our system.

FEM developments

FEM programs have been expanded in several ways. The intensive seminars continue to play an important role at the ASA level. The Applied Statistical Methods seminar has been offered for four years to 789 students. A seminar on Risk Theory was added this year in August.

Credit for research papers is another FEM program. While not used by many students, it provides a valuable opportunity for some. It also has resulted in some impressive additions to actuarial literature. To date, 30 research paper proposals have been submitted. Ten candidates have submitted papers and seven have received credit.

We also have implemented procedures recognizing credit, where appropriate, for examinations of other professional organizations. We recently decided to give Course 220 credit for candidates who have a Certified Financial Analyst (CFA)

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Society announces election results

R. Stephen Radcliffe was elected President-Elect of the Society of Actuaries for 1992-93.

Radcliffe is senior vice president and chief actuary with American United Life Insurance Company, Indianapolis, Indiana. He served on the SOA Board of Governors from 1984-87 and as Vice President from 1987-89. He also served on the Board of Directors for the American Academy of Actuaries from 1989-91 and is currently an Academy Vice President.

Vice Presidents elected were Harry D. Garber, Sam Gutterman, and Diane Wallace. Garber, vice chairman with Equitable Life Assurance Society, New York, served on the SOA Board from 1985-88. Gutterman, director and consulting actuary with Price Waterhouse, Chicago, was an SOA Board member from 1988-91. Wallace,



R. Stephen Radcliffe

president of The D.B. Wallace Company, Tryon, North Carolina, has been an SOA Board member since 1989.

Elected to Board seats were Robert L. Brown, associate professor and director with the Institute of

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Guides cont'd

of any company marketing this highly focused product.

According to Beal, "The complexity of the business and the potential volatility of the results demand that the actuary be proactively involved in most aspects of the business, including marketing, underwriting, claim management, product design, pricing, valuation, financial reporting, and analysis."

Readings are divided into sections related to the actuary's role, individual markets, product design and pricing, experience, reserves, underwriting and claim management, and reinsurance.

Individual Medical Expense Insurance

Editor Anthony Houghton focuses on pricing, reserving, and complying with regulations for health insurance.

The SOA Continuing Education's Professional Actuarial Specialty Guide Committee is charged with developing guides for all major actuarial specialties. All guides and updates are routinely sent to actuaries in related specialties.

SOA members with topic ideas or who are interested in editing a guide should contact Louis M. Weisz, chairperson. SOA members are already editing other specialty guides for release in the near future.

William H. Lewis, Jr., is president, Lewis & Ellis Inc., and a member of the Professional Actuarial Specialty Guides Committee.

New journal seeks authors

SOA member Colin M. Ramsay, associate professor of actuarial science at the University of Nebraska-Lincoln, will serve as editor of a new journal to begin publication in April 1993. *The Journal of Actuarial Practice* will be published twice a year.

Ramsay is asking for "practical and readable" technical and nontechnical articles on all aspects of actuarial practice. Submissions will be reviewed for content, originality, and clarity. For more information, write *The Journal of Actuarial Practice*, c/o Absalom Press, P.O. Box 67175, Lincoln, NE 68506, or call Ramsay at 02-472-5823.

Election results cont'd

Insurance and Pension Research, University of Waterloo; Paul R. Fleischacker, vice president with Towers Perrin, New York; John H. Harding, president and chief operating officer with National Life Insurance Company, Montpelier, Vermont; Daniel J. McCarthy, consulting actuary with Milliman & Robertson, Inc., New York; Patricia L. Scahill, principal with William M. Mercer, Inc., Baltimore, Maryland; and Robert D. Shapiro, president of The Shapiro Network, Inc., Milwaukee, Wisconsin.

As a result of Section elections, nine special interest Sections have added new Council members with three-year terms:

Education & Research Section — Sarah L. M. Christiansen, Charles S. Fuhrer, Aaron Tenenbein

Financial Reporting Section — Frank J. Buck, Bradley M. Smith, Michael L. Stickney

Futurism Section — Paul A. Gewirtz, Kenneth E. Polk, Dennis R. Barry

Health Section — David S. Helwig, Joan E. Herman, Nancy F. Nelson

Investment Section — Cindy L. Forbes, Robert R. Reitano, Bruce F. Vane

Nontraditional Marketing Section — Jeffrey C. Harper, Jay M. Jaffe, Nancy A. Manning

Pension Section — Silvio Ingui, Judith E. Latta, Neil A. Parmenter

Product Development Section — Bradley E. Barks, Timothy C. Pfeifer, Klaus O. Shigley

Reinsurance Section — Wayne D. Bidelman, Kin K. Gee, John E. Tiller, Jr.

Amortization cont'd

$(R - P_i)$ interest payments equals the present value of the interest payments required on outstanding principal. Such payment for the end of interval h is $i [A - (P_1 + P_2 + \dots + P_{h-1})]$.

Despite the wealth of choices, we believe the actuarial view would be to require that each payment R be first applied to pay interest on outstanding principal and the balance of the payment be applied to principal repayment. This is a well-defined and widely understood amortization process, because it synchronizes the interest payments with the outstanding principal. A process using P_i 's is more complex but seems to be acceptable to the accounting profession.

Analogously, one can decompose life annuity payments into a principal repayment amount and a residual growth amount. Our actuarial view would lean to first determining the growth (under interest and survivorship) of the outstanding principal and using the remainder of the annuity payment to repay principal. Such a process has been followed in our life annuity illustration to provide the analogue of our actuarial view of compound interest amortization.

Cecil Nesbitt is professor emeritus, Department of Mathematics, at the University of Michigan. Marjorie Rosenberg also is with the Department of Mathematics at the University of Michigan.

Seminar Calendar

Cash Balance Plans (8 hours of EA credit)	October 21-22	Arizona Biltmore Phoenix
Annual Meeting (12 hours of EA Credit)	October 26-28	Washington Hilton Washington, D.C.
Symposium on Current Issues under IRC Regulations 7702 and 7702A	November 5-6	The Willard Inter-Continental Washington, D.C.
Critical Issues in Contemporary Risk Selection	November 16-17	San Antonio Hyatt San Antonio
Teleconference: 401(a)(4): Amended Regulations (4 hours of EA Credit)	November 19	Various locations

For registration information, please call the Society of Actuaries Continuing Education Department at 708-706-3545.