



SOCIETY OF ACTUARIES

Article from:

The Actuary

June 1994 – Volume 28, No. 6

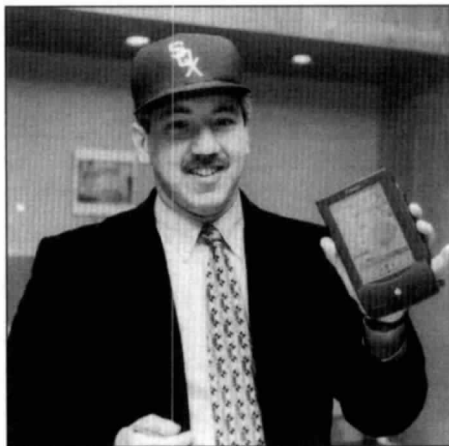
Actuaries are good sports, too

by Judy Wohlt

Actuary hits home run with sports statistics company

Ever since he was a Little Leaguer, John Dewan knew he would like to take a swing at a career combining his interest in numbers and his passion for sports. Soon after he became a Fellow of the Society of Actuaries in 1982, Dewan's dream became a reality when he read a book written by a man who was starting a project collecting data on all major league baseball games. Dewan called the author, Bill James, to offer his help on the project. "He was doing with baseball numbers what I was doing with insurance numbers," Dewan said.

The project turned into a company called STATS. Dewan invested in the company while working full-time heading up an actuarial department at a Chicago insurance company. He then became assistant director of research and development at the company, where he worked on agent compensation and marketing. In his free time, Dewan was working on his first sports statistics book, *The Great American Baseball Stat Book*.



John Dewan displays his latest creation — a hand-held baseball software package that gives up-to-date statistics, league tracking of standings, on-line baseball trivia, and more.

"I finally decided I couldn't do both jobs," he said. "I have a strong entrepreneurial spirit, and I wanted to do something I had dreamed of since I was a kid." So Dewan stepped up to the plate. With the help of his wife and one other person, he began running STATS Inc. (which stands for Sports Team Analysis and Tracking Systems) full-time from his living room in 1987.

Two months later, he opened his first office. His company has been growing ever since. He now has a staff of 40 employees and products ranging from on-line services and software to books and fantasy games. In addition, Dewan has a "reporter network" of 500 people throughout the United States who cover baseball, basketball, football, and hockey games to collect scores for his database. "Our biggest claim to fame is that every baseball box score you see in any U.S. newspaper came from us," Dewan said.

Most actuaries he knows seem fascinated with sports. In fact, Dewan has two actuaries working on his staff. He believes his actuarial background was instrumental in his success at running a company. "The general business skills I was exposed to as an actuary in the insurance industry have definitely carried over into my new career." Parts of the actuarial exams that dealt with economics and accounting also could be applied to running a business, he said.

Dewan spends much of his time in contract negotiations and developing



Brian Harper (left) takes down his opponent from Ohio State University in a recent tournament.

products and software. He recently helped develop a system to project how a pitcher will fare in the next baseball season based on his performance in the last season. Dewan also worked with his favorite baseball team — the Chicago White Sox — to set up software to position players on the field and create a strong lineup. His company also publishes baseball, football, and basketball statistics books. His 1994 book is *The STATS Baseball Scoreboard*.

Wrestler pins down career in actuarial science

Brian Harper recently wrestled with the idea of training for the Olympics versus studying for actuarial exams. Remarkably, actuarial science won the match.

Harper, who passed the first two beginning actuarial exams, placed second in the National Collegiate Athletic Association (NCAA) Wrestling Championships in March. He could continue by training for the 2000

Olympics, but Harper said, "I ended my wrestling career on a high note, and now I'm ready to put in as much energy as I did in sports into being an actuary."

The wrestler who edged him out of first place was a rival during tournaments throughout the year. Harper doesn't view it as a loss, though. "I was seeded sixth when I started in the tournament and wrestled the best in my life." His team, the University of Michigan Wolverines, also did well, placing fifth in the championships.

The Monday he got back from the championships, Harper went on his second interview at CNA Insurance Companies in Chicago and soon after that, he found out he got the job. "I didn't want the month of March to end."

Harper graduated this spring with a bachelor's degree in actuarial math and started his job with CNA in June doing casualty actuarial work. After he

finishes the beginning actuarial exams, he plans to follow the casualty track.

Actuarial student jumps through hoops to make basketball team

"I decided to end my senior year with a bang," said Emerson S. Moore II, an actuarial student at the University of Michigan. Before the start of his senior year, Moore trained with the Michigan basketball team for a walk-on position. He had tried for the same position the year before, but didn't make the final cut.

Not easily defeated, Moore survived the grueling workouts and got the walk-on position. The icing on the cake, though, was his team's chance to play in the Sweet 16 NCAA Basketball Tournament this year. The Wolverines had a pretty good season, but lost to Arkansas in the Elite 8 (the third round of the tournament).

Although he didn't get in much



Emerson Moore (right) blocks a rival during a game.

court time, Moore values the experiences he gained and the friends he made along the way. "It was a thrill just to wear the uniform," he said.

Moore took his first actuarial exam in May and will graduate in June with a bachelor's degree in actuarial mathematics.

Work groups go public (continued from page 6)

Other findings from the group's analysis focused on features that affect premiums:

- Because the premiums would be community rated, employers with younger-than-average employees who are not now community rated would tend to experience increases in premiums. Similarly, employers with older-than-average employees could see decreases.
- The Act does not describe the cost basis to be used, and no direct link is made between the determination of premium caps and the determination of the fee-for-service schedule. However, these two provisions directly affect each other and would need to be consistent if the premium caps were to be set at a reasonable level.

Roland (Guy) King, HCFA's chief actuary, attended the press conference and made a brief statement after the Cost Estimates Group reported its findings. King praised the Academy's

work group for its "very thorough, professional, and rigorous review" of HCFA actuaries' methodology and assumptions to estimate premiums for the Act. However, he disagreed with certain points in the group's report.

"I feel that, for estimating current health insurance premiums, more reliance should be placed on HCFA's National Health Accounts than on the two proprietary ratebooks used by the work group...that have never been subjected to outside peer review or independent analysis to ascertain if they are nationally representative," King said.

The Academy work group chose a range for the cost of the uninsured population of 80% to 125% of the cost for the insured. "HCFA used analytical techniques to estimate that the uninsured would cost 141% of the cost of the insured," King said.

"The Academy's premium estimates are based on HCFA's model, substituting different assumptions," Murphy

said. "Because most other health care reform proposals before Congress are based on HCFA models and data, the Academy's work on the Clinton proposal has broad applicability to other bills gaining prominence."

Mental health group completes work

Ron Bachman, chair of the Academy's Mental Health Benefits Work Group, spoke with 12 reporters at a briefing breakfast in Washington on May 17, the day the "Actuarial Issues in Designing Mental Health Benefits under Health Reform" monograph was released.

Monographs are available through the American Academy of Actuaries, 1100 Seventeenth Street NW, 7th Floor, Washington, DC 20036, 202/223-8196.