



SOCIETY OF ACTUARIES

Article from:

The Actuary

September 1994 – Volume 28, No. 7

SOA Board meeting report

The Society of Actuaries Board of Governors met in San Antonio, Texas, on June 14-15, 1994. The Board discussed several items, including the current status of publications, continuing education programs, and the SOA Foundation.

Board actions included approval of:

- The SOA Foundation bylaws
- A revised dues policy for unemployed SOA members. The revised policy allows an unemployed member to have his or her dues deferred, then waived, at year end. If the member remains unemployed for the entire year, dues will be deferred when a member submits a request stating he or she is unemployed. Dues will be waived at year end when a member submits a signed statement attesting to having been unemployed for the remainder of the year. A deferral terminates when a member becomes employed and he or she must pay the deferred dues. A member may receive up to two consecutive unemployment waivers. Another addition to the dues policy is that income of a

member seeking unemployment dues deferral/waiver must not exceed \$15,000 (including severance pay, but excluding investment income).

- The operating plan and budget of \$14.3 million for the fiscal year August 1, 1994, to July 31, 1995
- The investment policy implementation plan, which allows the Society to diversify its investments to include Canadian and U.S. mutual funds and equity securities on a limited basis. The majority of the investments will remain in U.S. treasury notes.
- Amendments to the SOA bylaws changing the name of the Committee on Complaints and Discipline to Committee on Discipline and changing the name of the Education Policy Committee to Education Examination Management Committee
- The establishment of a Life Insurance Principles Committee and a Health Benefit Systems Principles Committee. The Life Insurance Principles Committee will manage the process of articulating actuarial principles related to the life insurance practice area and will make recommendations

to the Committee on Actuarial Principles. The Health Benefit Systems Principles Committee will expand on the work of the present Committee on Actuarial Principles, develop actuarial principles as they relate to health benefit systems, and recommend those principles to the Committee on Actuarial Principles.

- A Health Risk Adjuster Research Project. The researcher will be selected by the Risk Adjuster Research Task Force, which will oversee the development of the project. The selection will be subject to the approval of SOA Vice President Sam Gutterman and SOA President Steve Radcliffe. The health benefit systems practice area developed the research project to analyze alternative health risk adjusters from an actuarial perspective.
- The establishment of the SOA Ambassador Program as recommended by the Committee on International Relations. Ambassadors will be SOA members living in or well-connected with another country, who would be

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the streets of New York was a great thrill for this admittedly small-town boy. "It was a real carnival atmosphere: before, during, and after the race. Everyone was amazingly friendly."

Dave Buddington

With 105 marathons behind him, Dave Buddington at Hooker & Holcombe in West Hartford, Connecticut, said he enjoys the camaraderie.

"In my 101st race in Huntsville, Alabama," he said, "it was pretty cold, and for the last 11 miles we were running into a stiff head wind. Without saying a word, four of us began rotating, blocking the wind for each other by running a little ahead."

Buddington also enjoys the challenge of allocating his physical resources so he has enough left at the end to finish. Running is his way of

staying mentally and physically active, so he can get the maximum enjoyment out of life. "There are people still running in their 90s," he said.

Dave Rubadue

Dave Rubadue had a few other things on his mind when it came time to qualify for the Olympic trials in Columbus, Ohio, in 1992. "I had been in training, I had a sponsor, and I ran 2:23 in Columbus and 2:22 in Seville, Spain. The qualifying standard was 2:20, so I had a good chance to qualify." This was at the same time he was beginning his own business, Employee Benefits Specialists in Worthington, Ohio. Then a month before the marathon trials, he twisted his knee, and he found out he was going to be the father of quadruplets. All this made putting off his Olympic try seem like a

good idea. "I'm going to try again for 1996 with the support of my four cheerleaders," he said.

Warren Luckner

On the surface, running seems like a self-centered activity. Some, like Warren Luckner, SOA managing director of research, turn it into a more altruistic exercise. Luckner ran in the August 20 Pike's Peak Ascent in Colorado to raise money for his Class of 1968 Scholarship Fund at Luther College. He asked sponsors to pledge money for individual miles along the grueling 13.4-mile run, which began at 6,000 feet and ended at the finish line at 14,000 feet. He raised more than \$2,500 in pledges and survived to run again, swearing next time "it will be all downhill."

experienced a 100% salary increase, will that have any measurable effect on the actual wage base increase? I think not.
David P. Rigby

All invited to New Zealand actuarial conference

Anyone visiting the southern hemisphere may want to consider attending the 1994 New Zealand Society of Actuaries Conference. The theme is "Broadening Perspectives," and the conference will be conducted at Quality Resort, Rotorua, New Zealand on October 19-21.

Why not include an actuarial conference in one of the most exciting areas of New Zealand? Even George Bernard Shaw was impressed.

For more information, please write to the New Zealand Society of Actuaries, P.O. Box 1965, Wellington, New Zealand.

D.G. Benison

Keep pie charts round

Page 8 of the May *Actuary* included a pie chart seen edge on, and I have a small problem with this. I think pie charts should be circles rather than ellipses. The rationale of using a pie chart is to enable the reader to compare the size of the slices at a glance. A circular pie chart does this; an elliptical pie chart does not.

I raise this admittedly nit-picking point because I think that as actuaries, we should try to present numerical data as understandably as possible.

Julius Vogel

Liaison to ORSA reports in

As liaison representative from the Society of Actuaries to the Operations Research Society of America (ORSA), I attended, on April 14, 1994, a seminar on "Management Science in Asset Allocation," sponsored by the College on the Practice of Management Science of The Institute of Management Sciences (TIMS). TIMS probably will merge soon with ORSA to form INFORMS.

Two sessions — Alan J. King of IBM with "Strategic Multi-Period Portfolio Management Using Stochastic Programming" and Douglas Monticciolo of Goldman Sachs with "Mathematical Methods Used by Financial Institutions" — appeared the most interesting to actuaries.

I also would like to inform SOA members of the publication of "The Russell-Yasuda Kasai Model: An Asset/Liability Model for a Japanese Insurance Company Using Multistage Stochastic Programming," in *Interfaces* 24: 1 January-February 1994.

Interfaces is the applications journal of TIMS and in practice of both ORSA and TIMS. From its abstract, the model appears to have been a substantial, practical success. Yasuda Kasai is a Japanese fire and marine insurer.

The April 1994 *OR/MS Today*, the newsletter of the two societies, contains my letter commenting on "The Game of Life," published in the April 1993 issue. This article said,

"The [life] insurance industry is a potentially rich environment for operations research."

The author (not an actuary) proposes the use of mathematical programming to assist in a variety of life insurance problems. My letter indicates an important practical difficulty and, in the process, gives some joint history of actuaries and operations research.

I will furnish what I have on any of these items to requesting members of the Society.

Any opinions expressed in this letter are not necessarily shared by my employer, the New York Insurance Department.

Nathan F. Jones

Latest version of award paper available

The paper by Adam J. Reese, "Health Care Costs in the Last Year of Life," has been updated. An earlier version of this honorable mention recipient of the 1993 Actuarial Education and Research Fund (AERF) Practitioner's Award appeared in *ARCH* 1993.3. The most recent version is available from the SOA Research Department.

The Practitioner's Award recognizes research done by actuaries in a nonacademic environment and encourages publication of research performed in the work environment. Submissions appear in *Actuarial Research Clearing House (ARCH)*.

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available to assist the Society in administering its programs and to make sure the Society knows the needs of SOA members in that country. The International Section Council recently approved ambassadorial appointments in Australia (Marielle Brunelle-Theron),

New Zealand (Richard Geisler), China (Luo Yu), Hong Kong (Dominic Lee), and Japan (Stephen Conwill).

In addition, the Board received a legal opinion from Peterson & Ross that the Society has no legal obligation to change its examination system to

make the system a valid predictor of occupational aptitude or performance.

Harry D. Garber
SOA Vice President —
Retirement Systems Practice,
Secretary and Treasurer