



SOCIETY OF ACTUARIES

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on the lighter side

GenerationNext: keeping up with the future

by *Muzammil Waheed*

In today's rapidly changing world, we actuaries must not only keep track of all the changes but also adapt ourselves to them. At the same time, we must realize that actuarial science, though highly technical and specialized in nature, is closely linked to our everyday life.

Human cloning, for example, is a subject that our predecessors did not have to worry about. Today's actuary may still ignore the topic, but the working environments and knowledge of tomorrow's actuary might be challenged — even threatened — by this latest development in genetics.

A person comes from the future, to which he traveled before his death, to claim his life insurance benefit in the present (after he died). What will the actuary do?

Let's scratch the surface of this problem. Scenario: Identical twins apply for insurance. They want short-

term life policies with greatly varying sums. Problem: There is no way of telling the two apart, so that when a claim occurs, it is hard to identify who died and who survived, or in the case of a hidden clone — in effect, a “third twin” — if any insured died at all. In fact, multiple clones might file many claims. Solution 1: Benefits should be provided to the first two clones to die only. Solution 2: Offer group term insurance to all clones, hidden or declared.

NASA scientists are confident that in about 20 years, we will be able to take our sweethearts to the moon for a vacation. Actuaries will have to measure the effect of zero gravity on mortality. If moon vacationers are covered by life insurance, should the premium rate be the same as on earth, higher, or lower? As we venture further into space, terms like “astro-actuary” may become common.

Here's another scenario: A person comes to a life insurance company immediately after his death saying that he has come from the future, to which he travelled before his death, to claim the benefit on his death in the present time. What will the actuary do? This situation isn't discussed in the current SOA E&E system.

One “future shock” problem is right around the corner: the millennium bug. If computer systems break down, demand for actuarial services might reach new heights as those areas of our work where the computer replaced us would need our expertise once more. On the other hand, it's terrifying to hear senior actuaries tell how a pension valuation was performed in pre-computer times. Commutation factors may regain their popularity. Perhaps they should again be included in Course 150, just in case.

Speaking of the millennium, let's throw some light on the various beliefs about the ending of this one and what implications they might have for actuaries.

- Some people believe Jan. 1, 2000, will mark the end of the universe. If doomsday were less than a year away, actuaries would have to enter the unexplored territory of monthly, quarterly, or semi-annual term insurance. Some markets would even have to open doors for pure endowment insurance on a monthly, quarterly, or semi-annual basis. This would, however, mean that beneficiaries would have only a very short span of time to consume the money.
- Some suggest the earth will be subject to natural disasters of tremendous magnitude. Clearly, general and catastrophic policies have an edge on life insurance, so we might see a smaller demand for life actuaries and a heightened one for casualty actuaries.

And here's the ultimate actuarial challenge: Have we seriously considered the possibility that someone might discover or invent the secret of immortality? There would no longer be “*qx*”s, and all “*px*”s would equal 1. That might just be the end of life actuaries, and health and casualty actuaries would rule the world.

Muzammil Waheed, an actuarial student, is deputy manager, Akhtar & Hasan (Pvt) Ltd., Karachi, Pakistan. He can be reached by e-mail at dharc@super.net.pk.

Mail alert

The First Ballots for the 1999 SOA elections will be mailed to all Fellows on March 9. To be valid, ballots must be received by the Society office no later than April 9. Fellows who do not receive a First Ballot by March 19 should call Lois Chinnock at the SOA office (847/706-3524).