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Conference to explore individual savings product risk

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Individual savings, or accumulation, products include single premium deferred annuities, single premium life insurance, separate accounts, and others. These products together constitute a major part of the individual life and annuity business for insurance companies and are also a major factor in banking and mutual funds.

To meet the need for more information on these products, The Actuarial Foundation and Nationwide Financial Services are cosponsoring the "Individual Savings Product Risk" conference Jan. 14-15, 1999, at the Loews Hotel in New York. (See "Before the snake bites," *The Actuary*, January 1998.)

The conference will be especially timely given the financial markets' recent behavior. Topics will apply to both insurance company guaranteed products and the risks common to all accumulation products, including mutual funds. Session topics will include:

- Market risk, focusing on examples of and explanations for market discontinuities and catastrophes. Speakers will include Mark Rubenstein, University of California, Berkeley, on the problems of Leyland O'Brien Rubenstein's (LOR) portfolio insurance in 1987; Martin S. Fridson, Merrill Lynch Capital Markets, on the problems of junk bonds in the early 1990s; and Benoit Mandelbrot, of Yale and Cambridge Universities, on the problems of markets and his newly developed "fractal trading time" theory of volatile market conditions. Oleg Vorob'ov of the Russian Academy of Sciences will submit a paper discussing a new approach to portfolio analysis of financial market risks by random set tools.
- Distribution channel risk, looking at the real risk of different distribution channels and agents' churning of



business. Speakers will include Shane Chalke of AnnuityNet, Inc., and others.

- Long-term contract risks, focusing on long-term liabilities, options, and guarantees. Several papers are expected to be submitted, including offerings by Thomas E. Berghage, NeuWorld Financial; Viktor Galokin, National Academy of Science of Ukraine; Alexander Kukush, Kyiv University; Mary Hardy, University of Waterloo; Mark Tenney, Mathematical Finance Co.; and Irwin Vanderhoof, New York University.
- Transfer risks, discussing risks common to all kinds of funds that allow changes in the asset fund

backing the account. David N. Becker of Lincoln National Life Insurance will submit a paper based on newly available data.

- Practical risks of running large annuity portfolios, featuring papers by Bruce J. Crozier, Avon Consulting Group, LLP; Donna R. Claire, Claire Thinking, Inc.; and Anson J. (Jay) Glacy, Jr., Ernst & Young, LLP; There will also be a final session presenting and discussing a new research project. Sponsored by this conference, Nino J. Boezio, of GB Partners, Ltd., is preparing an annotated bibliography of the literature on behavioral economics — i.e., how people actually will act in economic situations. He will discuss his bibliography.

Copies of the papers will be made available to attendees before the conference, and proceedings of the conference will be published.

When finalized, conference registration information will be available from the SOA's Continuing Education Department (847/706-3500) and posted on the SOA Web site (www.soa.org) under *Continuing Education*.

Retirement conference set for Dec. 10-11

Speakers representing a wide range of disciplines will address the SOA's Retirement Needs Framework Conference, Dec. 10-11, Orlando, Fla.

More than a dozen speakers will discuss approaches to determining and helping meet real financial needs in retirement. The current strategy used in most retirement

planning, say the conference organizers, focuses more on income replacement than on meeting needs.

A list of presenters and topics will appear in the November issue of *The Actuary*. More information is available from the Society office (847/706-3500; ask for Continuing Education).