DIGEST OF SMALLER COMPANY FORUM—
SAN FRANCISCO REGIONAL MEETING

ELECTRONIC DATA PROCESSING

A. What types of electronic data processing equipment are being used or are scheduled for use by the smaller companies?

B. What simplifications in policy issue, accounting and statistical procedures have been developed?

C. What other applications of this equipment are being made either as by-products of the above processes or as separate operations?

D. What factors determine the rental or purchase of electronic equipment?

MR. PAUL M. BAILEY stated that Security Life and Accident had put their ordinary life and accident and sickness renewal accounting operations on an IBM 650. Premium billing and accounting, commission payment and accounting, as well as late premium and lapse routines, have been mechanized. Cash values used in the machine calculations are updated by a combination 650 calculation routine and a factor card. As a result of this mechanization they have realized a net decrease of three employees over a three year period, notwithstanding an increase of 50% of life insurance in force during that time.

Mr. Bailey pointed out that from a single pass of the master file at year-end they obtained gross deferred and uncollected premiums, advance premium liability, policy loan interest paid in advance, policy loan interest due and unpaid, dividends payable in the next calendar year, dividend deposit liability and the advance premium deposit liability. In addition to these items a considerable amount of supplementary statistical information was obtained.

MR. DAVID S. ANDEREGG of Henry J. Kaiser Company stated that their IBM 650 card system installed two years ago is used for processing claim records, premium reports and special studies on over 100 group insurance plans which the 50 active Kaiser companies have, and for maintaining records on 33 pension plans and 7 profit sharing plans of these companies. He pointed out that switching to the IBM 650 card system presented a problem in upgrading former IBM 607 operators and that the initial programming was expensive. They found that a two-man approach worked best, one man knowing the system thoroughly and the other trained in programming. They are planning to switch soon to the 650 tape setup and expect a minimum of change in the programs. He pointed out that the 650 tape system has a drawback in that records and operations should be sequential as opposed to random access under a system such as the Ramac.