



SOCIETY OF ACTUARIES

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 articles, criticisms, and discussions in this publication.

TO MEMBERS OF THE SOCIETY OF ACTUARIES:

In recent years, the actuarial profession in North America has witnessed the emergence of a number of serious problems of importance to the profession. These include:

1. The increasing public involvement of the profession, and the need for the profession to respond to public issues.
2. The increased importance of pension actuarial work, both at the private level and the social security level.
3. The passage of ERISA and the emergence of the "enrolled actuary".
4. The emergence of consumerism as a major force.
5. Intensification of problems in the health insurance system.
6. The need for a major overhaul of the system of individual life insurance in terms of nonforfeiture and solvency requirements, as well as benefits.

This letter has reference to the following six actuarial organizations in North America: American Academy of Actuaries; Casualty Actuarial Society; Fraternal Actuarial Association; Canadian Institute of Actuaries; Conference of Actuaries in Public Practice; Society of Actuaries. Although each of these organizations was created to serve a specific purpose, overlapping membership, overlapping responsibilities, and differing standards have created confusion for the public and problems for the profession. Multiple committees working on similar assignments, and difficulties of co-ordination, have created a wastage of precious manpower.

In the special Supplement to this issue of *The Actuary*, several proposed solutions to these problems are outlined. These proposals are the work of various individuals or groups, and none of them has been endorsed by the Board of the Society. They are being described to you at this time to make you more aware of the issues.

The problems of reorganizing the profession are complex, because many interests are involved. However, I believe that it is essential that for any solution to be in the best interests of the members of the Society of Actuaries it must meet certain criteria:

1. It must preserve the Society of Actuaries as a strong, viable organization capable of meeting the needs of all of its members.
2. It must provide a means for the actuarial profession to respond to public issues.
3. It must maintain the educational standards set by the Society and the value of the ASA and FSA designations.
4. It must improve the organization of the profession by eliminating the wasteful overlap of services and assignments.
5. It must improve the identity of the profession to outside publics, particularly in the United States.

The issues involved require careful study. At its meeting on March 31, the Board of Governors of the Society authorized the appointment of a committee to study the problem and to report back to the Board at its October meeting. As reported in the Supplement this committee has now been appointed, with John Wooddy as its chairman. Members of the Society are urged to give their careful thought to this matter and to send their comments in writing either to Mr. Wooddy or to the Editor of *The Actuary* as soon as possible.

JOHN M. BRAGG, *President*

CHICAGO CORNER

What Makes A Meeting Possible?

Most of you have been to a Society meeting at one time or another, and many of you have attended a large number of these meetings. Have you ever wondered about the preparation required to make a meeting a success?

For a meeting as large as the Society's — an Annual Meeting may consist of 1,200 or more members, plus their spouses — it is necessary to reserve dates at hotels approximately five years in advance. The Society is under some very definite strictures as regards when and where it can hold meetings, particularly the Annual Meeting. In North America there are only a limited number of places where an Annual Meeting can be held, because of geographic and space requirements. Also, there are only certain weeks when the Annual Meeting can be held, because of fall holidays, because it cannot conflict with the fall actuarial examinations and because it must meet various other requirements regarding the Society's "year".

The first step in the process is to select a meeting site. Many factors go into the selection of a hotel, including past experience with that hotel or with the particular chain, suitability of geographic site, and, most importantly, whether the hotel has sufficient facilities for the various concurrent sessions and workshops which must be held simultaneously. Many hotels are fine places, but simply don't have adequate facilities.

Another important factor is that there must be an adequate number of sleeping rooms available, either in the hotel or reasonably nearby, so that members can be accommodated. This is perhaps the most difficult problem involved, since it is almost impossible to estimate five years in advance how many people will be attending a particular meeting.

As the date for the meeting grows closer Bern Bartels works with the hotel convention manager to lay out the requirements for the number of workshop and concurrent session rooms, as well as arranging for rooms for various committee meetings and other events. He also must work closely with the Program Committee on many matters. Prior to the meeting, a schedule is typed up

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Actuarial Note

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This recursion formula has been used in evaluating pension benefits and life insurance policies where they have modal—non-annual—characteristics. It lends itself to use in computer programs, particularly with (annually) varying interest since only v , F and G change.

It is sufficiently general to include temporary life annuities with obvious modification. The results will of course differ from traditional values by a percent or so due to the difference in approximating assumptions.

This "linear" assumption would seem to be a reasonable, practical one even at the clouture of a table. Double life annuities are easily found by first generating a joint life mortality table using actual ages. □

Letters

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profession because, among other things, I was attracted by its tradition of practical on-the-job training for those entering the field. I was also attracted by your nationally administered, uniformly graded actuarial exams which I felt would be recognized anywhere I went. To me this is vastly preferable to a series of almost meaningless grades received from beleaguered professors whose cost of living raises frequently depend in part on how well they fare on "faculty evaluations" by their students. Most of my former colleagues agreed that these evaluations correlate with the professor's liberality in grading.

While it is conceivable that a single comprehensive examination could serve to equalize between the associateship exams and the academic route, my feeling is that it would have to be 19 hours long before I'd really have confidence in it.

I beg of you: Please maintain the rigorous standards that led many of us to enter the actuarial profession!

E. Torrance

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Actuarial Notation

Sir:

Mr. Di Paolo's article in the March *Actuary* on actuarial notation is excellent but, as to the Halo Notation, I am reminded of the old gray mare: She ain't what she used to be and never was.

I admit that the Halo Notation "... is very concise and unambiguous and ... easily read and quickly understood."

I suppose you can write an expression for the net annual premium for a k -year deferred, n -year, t -pay, endowment. This makes me feel like the school-boy Churchill when he was obliged to decline *mensa*. The vocative, *mensa*, means "O Table", and is used when speaking to a table. "But I never do", Churchill is said to have replied.

The Halo Notation is all right as far as it goes but it doesn't go very far. How do you say "gross premium" in Halo Notation? "Policy fee"? "Conversion rate"? "25% of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less"?

How do you handle unit expenses? Interest rates varying by duration? The premium for the renewability provision in term insurance? Stochastic analysis of risk?! GAAP reserves?!!!

The list is endless.

Mr. Di Paolo asks whether we should extend "... the scope of ... actuarial notation ... to cover fields such as pensions, disability, demography, social insurance, and non-life insurance?" I would like to propose that the Halo Notation be extended to cover modern ordinary life insurance — if it can be.

Kenneth T. Clark

* * * *

Sports Section

Sir:

I would like to make two points relative to the tennis tournament in Miami.

Chicago Corner

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showing the exact description of each session, the number of persons estimated to be at the session, the arrangement of chairs and tables required, and other information needed by the hotel to make its arrangements.

Throughout the meeting, the Society staff is in constant touch with the hotel convention personnel in order to handle any problems which may arise. For example, an unexpectedly large number of persons may turn up at a luncheon, requiring additional tables and chairs to be set on a moment's notice, or someone may have failed to set up a particular room the way it was supposed to be set.

Not all meetings go as well as others. Some hotels are better than others in planning conventions, and sometimes problems develop which no one could have foreseen. For example, in Cincinnati last year, a great many more persons registered for the meeting than had been anticipated.

Although we work hard to give the members of the Society the best possible meetings, we recognize that there is always room for improvement, both in the content of the programs and in the hotel arrangements. Readers are encouraged to send their suggestions to the Executive Director.

P.W.P.

First, recognition of Gerry Levy's outstanding job of organizing and running the tournament. I enjoyed it a great deal, despite getting beaten so badly that I needed four days in Puerto Rico to recover. Without Gerry's effort (and his company's sponsorship), the event would not have been possible.

Second, a south-of-the-border viewpoint of R. A. Nix's request for "equal time" for golfers (March 1976). In the U.S. (if Boston in the 60's and Chicago in the 70's are typical), golfers have been rather well taken care of at the Club level. (I have never seen an announcement for an annual "Tennis Outing"). With bridge tournaments at both Club and Society levels, it has been the tennis player who has felt out in the cold. Until Miami! Thanks, Gerry, for the breakthrough.

C. M. Underwood