



SOCIETY OF ACTUARIES

Article from:

The Actuary

September 1996 – Volume 30, No. 7

RESEARCH CORNER

Recently completed reports

The Society of Actuaries' Task Force on Preferred Underwriting Report is based on compiled data from U.S. and Canadian life insurance companies responding to a survey on preferred risk underwriting on U.S. life insurance business. The report presents data received and provides the task force's opinions on future trends for preferred underwriting. Copies of the report are available from Cathy Cimo, SOA Books Department (847/706-3526), or from the Research Library section on Actuaries Online.

The final report for the Group Medical Insurance Large Claims Data Base Collection and Analysis research project has been approved. The researchers assembled and analyzed a limited database to serve as a model for expanded intercompany studies of health care benefits in the future. The study analyzed more than 171,000 large claims in two years, representing over \$10 billion in charges. The characteristics of the claimants and their representation among the insureds offer a new view of the catastrophic claim and claimant. Copies are available from the SOA Books Department (847/706-3526).

Announcements of how to obtain the 1986-92 Private Placement Bond Study and the 1985-89 Group Life Study are enclosed in this mailing.

Calls for papers and requests for proposals

The SOA Investment Section is sponsoring a call for papers on "100-Year Term Structure of Interest Rates." The goal is to stimulate two parallel efforts: a Practitioner's Guide and a core of fundamental research. It is anticipated that the core will precipitate theoretical research on this topic, requests for proposals for empirical research, and new methodologies that will be

presented in future revisions of the Practitioner's Guide. The Practitioner's Guide is expected to be published as part of the SOA monograph series. The core of fundamental research is expected to be published in a special issue of the *North American Actuarial Journal*. Selected articles may also be presented at a Society of Actuaries seminar or meeting session. The target date for receipt of submissions is March 31, 1997.

Given the current trend towards globalization, life insurance companies and pension plans will experience greater exposure to currency risk. Therefore, companies and plans will have to manage their assets and liabilities on a global basis. A call for papers has been developed to generate research that will assist actuaries in evaluating currency risk. Accepted papers are expected to be published as part of the SOA monograph series. The author of the paper judged to be the best in overall quality will be awarded an expense-paid trip to present the paper at either the International Congress of Actuaries in Birmingham, England (June 7-12, 1998) or the Society of Actuaries annual meeting in New York, New York (October 18-21, 1998). Submissions are due March 15, 1997.

The SOA Committee on Finance Research announces a call for papers on the topic of expenses in financial analysis, addressing both business and regulatory issues. The primary objective is to correlate traditional actuarial practices involving expenses with the true economic nature of expenses in their application to financial analysis.

To receive copies of the calls for papers, please contact Zain Mohey-Dean, 847/706-3570, or 102132.3417@compuserve.com.

The project oversight group is reviewing proposals received in response to the Asset Valuation RFP. The proposal to be funded will be selected by September 30. The purpose is to construct a taxonomy of asset valuation methods currently in use and estimate the prevalence of each method. The researchers are expected

to identify factors that correlate with the use of each method.

An RFP for Safest Annuity Rule: Phase 1 - PBGC Data Analysis has been released. Proposals are due by September 30. The proposal to be funded will be selected by November 15. Copies of the RFP are available from Julie Rogers, 847/706-3556.

Conferences and symposia

Plans are progressing for a Dec. 16-17, 1996, conference titled, "Actuarial and Financial Modeling — Toward a New Science" at Georgia State University. The conference is intended to present issues, raise questions, and stimulate papers on developing and using models in actuarial and financial work. For more information, contact Warren Luckner, 847/706-3572, or 73462.21@compuserve.com.

A fall 1997 symposium on managed care is being planned in conjunction with Wharton School of the University of Pennsylvania.

Grants

Eight of the 25 proposals received in response to the Committee on Knowledge Extension Research (CKER) 1996 Grants Competition were awarded funding. In addition, eight of the 25 applicants for the CAS/SOA Ph.D. Grants program received \$10,000 grants for the 1996-97 academic year. An article on these grants in the October *Actuary* will give additional details. New CKER grant applications are now being accepted, with a December 2, 1996, deadline. Resulting grants, if any, will be announced by April 1, 1997.

Finance activity

The preliminary results of the Study of the Use of Derivative Instruments by the Insurance Industry will be presented on October 30 at the SOA annual meeting in Orlando. See page 20 for more details.

Health benefit systems news

The Health Section and Committee on Health Benefit Systems Research have each approved funding of \$25,000 to support the creation of the National Health Information Resource Center (NHIRC), a source of health data information on the Internet.

The Committee on Health Benefit Systems Research has agreed to contribute \$25,000 toward a study of alternative health care being conducted by David Eisenberg, M.D., assistant professor of medicine at Harvard Medical School.

The working group on the Definition of Measuring Managed Care Effectiveness is drafting a monograph outlining the issues involved in defining a framework for evaluating the effectiveness of managed care.

Life insurance

In response to a request from the Mexican actuarial organization, Colegio Nacional de Actuarios (CONAC), the SOA is providing assistance in setting up life, annuity, and disability experience studies. Faye Albert, Albert Associates, has prepared a report detailing the scope and depth of the assistance required.

The study of Long Term Bond Yields of Life Companies with Junk Bond Portfolios has been extended to include data through 1995.

The Individual Annuitant Valuation Mortality Table has been approved by the project oversight group and is being reviewed by the Committee on Life Insurance Research. It is expected to be approved before the September NAIC meeting.

Retirement systems activity

The data collection phase of the GATT Mortality Study is complete. The total exposure collected is almost 15 million life-years. The researchers, led by Kathy Elder of Frostburg State University, are now constructing the mortality tables.

The data collection phase of the Turnover and Retirement Rates project is complete. Steve Kopp, University of Western Ontario, leads the research team that is constructing decrement tables from this data.

The project oversight group for the Macrodemographics Model Feasibility Study has approved the sample draft report submitted by Capital Research Associates. Work is proceeding on the final report for phase 1.

Committee news

The Experience Studies Oversight Subcommittee has drafted guidelines to help those involved in preparing experience studies carry out their responsibilities.

Guidelines for charging for research project products have been developed and were submitted to the Executive Committee for consideration. Work is progressing on developing guidelines to create and distribute public use databases.

In July, the members of CAS and SOA Principles committees met to develop a joint statement of general actuarial principles. Work on this project continues.

SOA monograph series

The first four monographs in the SOA monograph series are based on SOA research projects: "Public Employee Retirement Plans Research: Experience Studies, Valuation Reports and Unfunded Liabilities"; "Public Financial Guarantee Programs"; "Valuation of Interest Sensitive Financial Instruments"; and "A Comparative Analysis of Methods of Health Risk Assessment."

Keep in touch with Research

The "Resources from Research" brochure is available from Judy Yorc, 847/706-3573 or 76041.2336@compuserve.com. It consolidates information about SOA research activity products.

Remember to check Actuaries Online, the SOA's electronic bulletin board, for requests for proposals, calls for papers, research reports, and other research information. You can also contact the Research Department at the Society's office at 847/706-3500.

Tips on going international (continued from page 14)

intensive courses — in which little or no English is spoken — are very effective and a lot of fun.

Be ready to seize opportunities when they occur

Consider carefully in advance the characteristics of the most desirable position for you. Do you want to live in the United States or a foreign country? How much do you want to travel? Do you prefer a "start-up" opportunity or established operation? If you have

preferences for particular countries or regions, be sure to learn about social and cultural differences. It is also a good idea to visit an area before making a final decision. The perfect opportunity may only come around once. Be prepared by thinking ahead about these important decisions.

¡Buena suerte! Bon chance!
ご成功を祈ります Viel glück! 祝您好运
Good luck!

Kevin Law is vice-president, group actuary at Pan-American Life Insurance Company in New Orleans. He is the 1995-96 chairperson of the International Section of the SOA. He can be reached by e-mail at 73462.110@compuserve.com. Carolyn Geigerman is an actuarial assistant in the Group International Department at Pan-American Life, working with group insurance portfolios in eight Latin American countries.