



SOCIETY OF ACTUARIES

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RESEARCH CORNER

Research activities are growing in number, scope and size.

Status of current research projects

The **Credit Risk** study has completed the pilot phase of this major undertaking and now is moving ahead with data collection for the years 1990 through 1992 for private placement bonds and commercial mortgages.

The **Catastrophic Health Claims** project is in the process of validating and analyzing data from 25 companies involving hundreds of millions of dollars in payments.

The **Universal Life Persistency** study has attracted 37 potential data contributors to whom the data specifications have been sent.

The **Long-Term Bond Yields** study has almost completed collecting data on 136 companies. This

study compares the long-term bond yields of insurers with relatively larger percentages of high-yield (junk) bonds in their portfolios to a control group with very small holdings of such investments.

Status of current experience studies

Reinsurance mortality data for 18 companies have been collected for analysis.

Group annuity mortality and a companion **new valuation standard table** are proceeding on schedule. A draft 1994 GAM Table may be ready for exposure by year-end.

The **1982-84-89 National Long Term Care** survey analysis for incidence rates and continuance tables by age groupings and activities of daily living are being prepared.

A report on **structured settlements for 1983 to 1989** has been published, and plans are in process for subsequent studies.

New research projects

Health benefit systems practice area — Efforts on risk adjusters, managed care, health insurer

solvency, medical effectiveness, and lifestyles are in the planning stages.

Retirement systems practice area — Studies on turnover and retirement rates, postretirement research, and the adequacy of defined-contribution plans as a retirement vehicle are being planned.

Financial and investment management practice area

Research has expanded into boundaries of risks, diversification of risks, fair value of liabilities, economic assumptions guidance, and studying insolvencies to determine what impact dynamic solvency testing might have had. Additional research activities on actuarial modeling are being framed to consider short- and long-term instabilities in the economy and to take advantage of a contingency planning approach to prevent insolvency.

Volunteers are needed to staff project oversight groups (POG) and to take part in some of these efforts. Contact Mark Doherty, director of research, at the Society office for more information or to serve on a POG.

Impact of Nankai program (continued)

Institute is under the jurisdiction of the Education Bureau of the Ministry of Finance of People's Republic of China.

These Chinese schools, struggling to get their programs established, face a common critical problem — the shortage of qualified actuarial science teachers. The schools are searching for various approaches and solutions. For example, the Hunan College has sent its teachers to study actuarial courses at Nankai University. It also sent a teacher to study at Temple University in Philadelphia. The Central Institute in Beijing is pursuing the

SOA-Nankai pattern by seeking support from the British actuarial community.

U.S. company helps with internships

CIGNA International Financial Services (CIFS) of Philadelphia helps support the Nankai program with a new internship program in CIGNA's Hong Kong office. It covers all traveling and living expenses during the summer months for three Nankai graduates to receive training from CIGNA's actuarial and professional staffs.

Actuaries and actuarial science

education should have a bright future in China. The SOA can be very proud of its role in establishing the pioneering program at Nankai and in nurturing this phenomenon on the other side of the Pacific.

Kailin Tuan, Ph.D., is professor of risk management and insurance at Temple University, Philadelphia, and is program coordinator of the SOA-Nankai Program in Actuarial Science.