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EDITORIAL

THE POST OF U.S. GOVERNMENT ACTUARY

A Guest Editorial by Dwight K. Bartlett, III

IN 1979 I was a catalyst in assembling an informal group—Chief Actuaries in Federal Service Coordinating Group—to discuss the question raised in the March Editorial, i.e., the desirability of creating a position of Government Actuary at a high level in the Federal Government. There are now about fifteen Federal agencies or departments that employ actuaries.

In these discussions we used as models the Government Actuary's Department in the United Kingdom and the Office of the Chief Actuary, Department of Insurance, in Canada. Each of those has, we understand, relatively independent status and provides virtually all the needed actuarial services at the national level.

We identified two principal hindrances to emulating them in the United States. First, ours is a tripartite form of government with separation of powers, not a parliamentary system like theirs. Both our Executive Branch and Legislative Branch require actuarial services, but on some questions the two may well have adversary positions. Can an Office of the Government Actuary structurally located in one branch make itself useful to both branches, and be accepted by both?

The second difficulty is that the actuarial services required by the departments and agencies in our Federal system seem considerably more diverse than in those countries.

Hence an Office of the Government Actuary here would have to develop its own pattern and it could not replace the existing offices in the various Federal agencies. The role of the Government Actuary would be to speak for the actuarial viewpoint on general questions, to audit actuarial work done in the individual agencies, to help those offices maintain their independence in the face of political pressures, to help make sure that actuarial analysis is given to governmental questions that require it, and to exercise general oversight.

Although the history of political undertakings by our profession does not justify confidence about what can be accomplished, I consider it well worthwhile for us to decide whether we wish to give active support to establishing an Office of the Government Actuary. But to convince policymakers in the Federal Government that such a post is desirable would not be easy, specially in the apparently complete absence of any present interest by non-actuaries in such a project.

DOG INSURANCE IN NORWAY

Ed. Note: We are indebted for this account from Oslo. Swedish experience with this coverage was reported by Carroll E. Nelson in our November 1980 issue.

Sir:

Life and invalidity insurance for dogs was introduced in Norway in 1961. Today, about 10% of our quarter-million dogs are insured. This unimpressive market coverage must show our failure to make this protection known; dog insurance is easy to sell. One's impression is that a client finds it more important to take out life insurance for his dog than for his wife.

The premium per unit of coverage is 7% + 10%, for respectively death and permanent invalidity (including treatment expense of sick and injured dogs). This is for coverage up to maximum age 10 years, subject to health certification at time of application. The loss ratio runs between 75% and 85%.

Sufficiently differing death and invalidity norms have been observed for different races of dogs so that some day we must either differentiate premiums by race or make exceptions for weaknesses peculiar to certain races. Further, we have established that certain characteristics present in specific races have become so finely bred that this goes at the expense of the natural, true anatomy.

Lars Austin, Actuary
Gjensidige
Norsk Skadeforsikring, Oslo

Sir:

May I suggest coverage on cats, even though it would be cat-astrophic if confused with catastrophe insurance. Nonpurr policies could guarantee a happy cat; defurred benefits could assure warm coverage restored. Premiums might be replaced on the billings by a fee-line.

Increased actuarial employment would arise from complex new products based on 9 lives per healthy insured. Substandard policies acknowledging, say, only 7, or 5, or 1 life remaining could be offered.

C. Graeme Cameron

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