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Deaths

Norman M. Hughes, F.S.A. 1926
Charles E. Clarke, A.S.A. 1965

My Great-Grandfather

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further decline in the interest rate, as it had been declining for some thirty years. . . . The one man who stood out against that view was Mr. Charlton T. Lewis, in his very scholarly paper . . . (1899). . . . You know the facts are that Mr. Lewis was right."

At an 1897 Society meeting, Lewis contributed the following views on non-forfeiture values:

"Inasmuch as the very suggestion of a surrender charge involves a reference to a reserve, as if the owner of the policy had some peculiar claim upon that reserve, so-called, as a separate and independent fund, I protest against the use of the term 'surrender charge'."

That view seems in tune with much later efforts—which may resume—to sever the traditional link between statutory nonforfeiture values and reserves.

Lewis was active in a myriad of non-actuarial fields. In addition to being a mathematics professor he taught the classics. At various times he was a Methodist minister, U.S. Deputy Commissioner of Internal Revenue (before income tax days), a practicing lawyer, managing editor of the New York *Evening Post*, and for twenty years Counsel of Mutual Life of New York. He was said to have delivered the most effective speech at the Gold Democratic Convention of 1896. And he co-authored Harper's Latin Dictionary, a 2,000-page standard reference.

His death notices (except the one in *T.A.S.A.* VIII) did not even mention that Charlton T. Lewis was an actuary. Our profession's profile was indeed low in 1904.

Ed. Note: In 1853, H. W. Porter, *F.I.A.*, remarked (*J.I.A.* 4, 109): "A perfect actuary should be a kind of 'admirable Crichton'." Mr. Case's ancestor was of that breed. □

"INDEXING LONG-TERM FINANCIAL CONTRACTS"

The above is the title of an extraordinary, and surely controversial, paper by A. D. Wilkie, *F.F.A.*, *F.I.A.*, read to the Institute on March 23, 1981. Quoting from its introduction:

This paper has two functions: first, to present briefly the results of some recent investigations into the behaviour of a price index (in the United Kingdom) in order to gain some insight into the possible future progress of inflation; secondly, to present the arguments in favour of the linking to a price index of financial instruments, in particular government stocks, life assurance contracts and pension fund benefits. . . . I am convinced that widespread index-linking of long-term contracts would have a beneficial effect on the conduct of our financial affairs. It is up to those who disagree with me to put their case in the discussion; but I hope my supporters will express their views too.

A striking feature of this paper is its charting of the U.K. price index all the way from 1661 to 1980. *E.J.M.*

Economic Forecasting

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the wisdom of, and procedure for, entry into the slippery field of Institute-sponsored forecasts. Among questions discussed were:

Since all forecasts will inevitably be wrong, would their publication adversely affect the Institute's credibility?

Would such forecasts tend to become legislated or to be seen as professional standards, thereby unnecessarily restricting the actuary's professional freedom?

What alternatives are available to the CIA in fulfilling its mandate to provide technical support to its members?

The discussion proved distinctly helpful. The spectrum of choices open to the Institute is broad; so is the diversity of opinion amongst Canadian actuaries on what should be done. The resolution of this matter will be one of the more interesting challenges facing the CIA Council in 1981. □

AN ACTUARIALLY STAFFED CONSUMER GROUP

by James H. Hunt

Actuarial expressions won't be Greek to the National Insurance Consumer Organization (NICO), a new non-profit organization. Its President is J. Robert Hunter, *FCAS*; I am a Director, as also is Howard B. Clark, *Esq.*, a former South Carolina Insurance Commissioner. A consideration in forming NICO is the lack of adequate insurance expertise within the consumer movement.

Public comments have already been made by NICO on several life and health insurance issues of concern to Society members, viz.

- *Life Insurance Cost Disclosure:* We called the NAIC Model confusing and misleading, made technical comments on and expressed reservations about the NAIC Task Force's recent proposal, and supported rate-of-return disclosure.

- *Replacements:* We said that unrestrained replacement of participating cash-value policies is causing substantial public harm, that companies have done too little to conserve old business, and that a suitability test, like that of the SEC for variable life policies, should be placed on replacing companies. We characterized the NAIC Model Replacement Regulation as worse than nothing.

- *Deposit Term:* We called the design of these policies an "actuarial trick" because their implied rates of return (7% to 10%) aren't matched by performance, and because they are being used in wholesale replacement, usually to policyholders' disadvantage.

- *"Project Update":* We have urged insurance commissioners to demand that companies emulate Northwestern Mutual Life (see *The Actuary*, June 1980) in improving their old policies. We have said that failures of non-par companies to improve theirs constitute a cruel judgment that it is more profitable to rely on policyholder ignorance.

- *Credit Life Insurance:* We said that profit margins have increased faster than states have been reducing permitted rates. We filed objection to the Federal Reserve Board's proposed loosening of disclosures. We have a major report due in March on the implications of the

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