



SOCIETY OF ACTUARIES

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Index-Linked Securities

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The Issuing And Subsequent Price

Opinions on the price at which tenders should be made varied widely. Stockbrokers suggested prices at about 110, 115, 120, or even higher. Some of our large actuarial firms argued that the 2% yield was too low and that tenders should be at less than par, even down to 80. Also debated was whether the security should be compared with normal Government fixed-interest securities or whether it was more akin to a common stock investment; and whether the need really was for a security indexed to earnings rather than prices.

As it turned out, the issue was sold at exactly 100. It remained there for a while, but following further weakness of interest rates it tended downwards. Its high was 100¾ and its low 96¼ until it suddenly fell to 92¼ when the second security described below was issued.

In July the Government issued a second security, similar to the first with the same 2% interest, but maturing in rather than 15 years. This was to be issued on the same basis as before but the prices tendered were clearly much lower and the striking price was 86, to yield almost 3%. Not all that stock was allotted; it was, however, sold by the Government at a slightly higher price on the first day of dealing.

The Government finds the low servicing cost of these securities in their early years attractive. But their valuation is causing much interest and disagreement among the experts.

Ed. Note: We welcome this from our newsletter's new Edinburgh Correspondent. □

Canada's Pension Conference

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General Impressions

Few speakers maintained that a citizen has any obligation to take care of his own old age. The view that the state and employers between them should provide an adequate pension prevails.

The case against expanding the Canada Pension Plan was not voiced strong-

ly. If the CPP continues to be funded pay-as-you-go, the ultimate cost may be unacceptable, while if it's funded on conventional actuarial lines, the enormous pool of capital under government control raises frightening questions.

Employers—who will have to pay for pension plan improvements—were under-represented and curiously silent. And young people—who must ultimately pay the bill—weren't represented at all. Youth's attitude about the contribution level that CPP might require early in the next century would be interesting and perhaps salutary.

The faith of so many, especially labour, in government is, in the light of the government's track record in labour relations, perplexing. Surely labour would, as in Eastern Europe, oppose government control of trade unions; yet its leaders seem blithely willing to give complete control of the public pension system to governments not yet elected.

Too many delegates displayed no more than rudimentary knowledge of pensions. Apparently the federal government is shocked at this naivete; a well-financed educational programme on pensions is in the offing.

Ed. Note: The next article will report on coverage, women and pensions, portability, vesting and locking-in, and protection against inflation. □

DIRECTOR OF RESEARCH

James L. Cowen A.S.A. 1959, has been appointed the Society's first Director of Research. Jim is widely known as a former Chairman of the U.S. Railroad Retirement Board. □

Review Seminars For Parts 1, 2, & 4

Review Seminars for the above Fall 1981 exams will be held on Thursdays—to—Saturdays in October, co-sponsored by CAMAR (Casualty Actuaries of Mid-Atlantic Region) and Temple University. Starting dates: for Part 1, Oct. 15; Part 2, Oct. 22; Part 4, Oct. 1. For particulars and fees, ask Dr. Murray Silver, A.S.A., (215) 787-8153.

MORTALITY ANALYSIS SEMINARS

by Philip F. Finnegan

Actuaries in selection of risks are familiar with the 1976 reference volume, *MEDICAL RISKS: PATTERNS OF MORTALITY AND SURVIVAL* — a monumental undertaking, co-sponsored by the Society and the Association of Life Insurance Medical Directors of America (ALIMDA). It brought together in standard abstract format mortality and morbidity statistics gleaned from more than 2,000 articles in medical and actuarial literature. Its editors were Louis Levinson, F.S.A. and Richard B. Singer, M.D.

Dr. Singer, now retired and a consultant to ALIMDA's Mortality and Morbidity Committee, is actively producing fresh mortality abstracts and has been conducting, under ALIMDA's sponsorship, a series of seminars on Mortality Methodology and Analysis. These seminars undertake to teach participants how to evaluate statistics portraying death and survival rates.

Although designed primarily for medical directors, these seminars are of value also to actuaries. An actuary will find the theoretical concepts elementary but yet will benefit from reviewing basic principles and having a refresher in translating data into the standard format employed.

The seminar is a mix of lecture period and small group workshops. At the workshop each participant presents work he or she has done in advance on furnished material.

Dr. Singer has conducted 8 day-and-a-half seminars in different cities, attended by 68 ALIMDA members, 8 actuaries, and assorted underwriters and research people. Registration fee is \$100.

The next two seminars are scheduled for Boston, October 22-23, 1981, and New York City, November 9-10, 1982. For particulars and registration forms, see your own Medical Department. Announcements are in ALIMDA's *Journal of Insurance Medicine*. □