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RESEARCH CORNER

Edward A. Lew Award

The first Edward A. Lew Award, established to recognize the best paper in modeling research, is expected to be given in 1997. The SOA Committee on Knowledge Extension Research is funding the initial prize of \$10,000. The award honors Lew's many contributions to the Society of Actuaries and the actuarial profession as 1973-74 SOA president and as a long-time contributor to actuarial research efforts. The initial award competition was announced at the December 16-17, 1996, SOA conference at Georgia State University in Atlanta, "Actuarial and Financial Modeling — Towards a New Science."

SOA Monograph Series

The final report of the Large Claims Study has been approved by the Committee on Health Benefit Systems Research. The report, published as part of the SOA Monograph Series, is available through the SOA Books Department (847/706-3526).

Other monographs based on SOA research projects and available through the Books Department include *A Study of Public Employee Retirement Systems*, *Study of Public Financial Guarantee Programs*, and *Comparative Analysis of Methods of Health Risk Assessment*. The monograph *Valuation of Interest Sensitive Financial Instruments* is available through Frank Fabozzi Associates (215/598-8926). Recently completed reports The final report and diskette with tables for the study "Group Life 1985-90" are currently available for a \$10 copy fee through Karen Haywood in the SOA Research Department (847/706-3547). The study is scheduled to be published in the next *TSA Reports*.

The "1993 Reinsurance Mortality Report" is complete and has been distributed to reinsurance companies. An article will appear in a future issue of *Reinsurance Section News*. Additional and updated data are being solicited for the 1994 study.

The final report "1986-92 Credit Risk Loss Experience Study: Private Placement Bonds" is available for \$60 through the SOA Books Department and is scheduled to be published in the next *TSA Reports*.

Health benefit systems news The National Health Information Resource Center is now on line. Visit the website at <http://www.nhirc.org>.

Troy Pritchett is chairing the Project Oversight Group for a study of HEDIS measures. The results of this study will be presented at the fall 1997 Managed Care Symposium at Wharton.

Howard Bolnick has replaced Anna Rappaport as chair of the working group on Managed Care Effectiveness. A technical writer from Northwestern University Institute for Health Services Research and Policy Studies has been hired to prepare a final document from the draft report prepared by the working group.

Data contributions were received and tabulation is preceding for the study "Long Term Care 1992-94." The draft final report is anticipated in the first quarter of 1997. Retirement systems activity The Retirement Plans Experience Committee has reviewed the raw mortality rates tabulated by the researchers for the GATT Mortality Study. The process of creating a set of mortality tables from this data is now underway.

The request for data for the study "Group Annuity Mortality 1995-96" was mailed to potential contributors in early October.

The Asset Valuation Methods project, intended to improve actuarial practice in the determination of the actuarial value of assets in pension plan valuations for funding and accounting purposes, has been awarded to McGinn Actuaries, Ltd.

Phase one of the Safest Annuity Rule project, the analysis of PBGC data, has been awarded to Matthew Hassett of Arizona State University. SOA staff is compiling the results of the survey of market participants, which is phase two of the project. The purpose of the project is to assess the impact of Department of Labor Interpretive Bulletin No. 95-1 on the annuity market.

Preliminary findings of the Pension Plan Turnover Rate Table Construction project were presented at the SOA annual meeting in Orlando. Steve Kopp, University of Western Ontario, continues to study the data for the effect of early retirement windows and the interaction of variables. Life insurance practice area The SOA Board authorized the Committee on Life Insurance Research to state an opinion on the suitability of the "Interim Individual Annuity Mortality Table" to the NAIC. A memo from the committee containing the opinion and table were delivered to the NAIC on September 20. The NAIC Life Health Actuarial Task Force recommended acceptance of the opinion to the "A" Committee (Life); it was approved at the December plenary session. The final report and accompanying tables are scheduled to be included in a future *TSA Reports*. Copies are available now from the SOA Books Department (847/706-3526).

The draft report on the experience study "Structured Settlements 1990-93" has been distributed to the committee for review. The final report is scheduled to be included in the next *TSA Reports*.

The report "Universal Life Persistency Study," a joint SOA/LIMRA project, is available from LIMRA at a discounted price of \$95. To order a copy, call LIMRA's InfoCenter Service Desk at 800/235-4672. The report is expected to be included in a future issue of *TSA Reports*.

In phase one of the Actuarial Modeling project, the researchers are analyzing the impact of economic

factors on the performance of life insurers as a whole. Results are expected to be presented at the Western Risk and Insurance Association meeting in January. The second phase of this project will examine the impact of both firm-specific and economic factors on the performance of individual life insurance companies.

Faye Albert and Jack Bragg have completed their research on mortality and lapse rates. The report has been approved by the Project Oversight Group. Jack Bragg has agreed to perform a regression analysis as an additional test of the results of the

study. He will disclose the overall results of the regression (whether or not the results were significant) but for reasons of confidentiality will not disclose the details of the analysis. The Committee on Life Insurance Research has recommended that the results of the study be published in a forum allowing comments.

Finance practice area activity
Two papers will result from the project to study the use of derivative instruments by the insurance industry. The first paper, "Corporate Hedging in the Insurance Industry: The Use of Financial Derivatives by U.S. Insurers," will be published in the premier issue of

the *North American Actuarial Journal*. Keep in touch with Research. The "Resources from Research" brochure is available from the SOA's Research Department. The brochure presents clear, concise information about SOA research reports and how to obtain them.

Remember to check Actuaries Online, the SOA's electronic bulletin board, for requests for proposals, calls for papers, research reports, and other research information. Questions and comments about any SOA research activity can be directed to the Society's Research Department at 847/706-3500.

New puzzle contest announced

This month marks the end of *The Actuary's* 1996 puzzle contest and the start of a new format for 1997.

The 1996 contest consisted of five puzzles, which appeared in issues from April through November. Puzzle editors Louise Thiessen and Dan Reichert are still tabulating the results and will announce one or more winners of a year's subscription to *Games* magazine in the March issue.

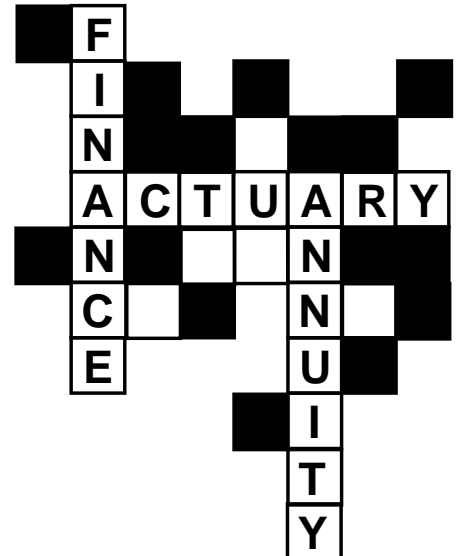
In 1997, one name will be drawn from among all puzzle solvers for each month that a puzzle appears. The prize will be unique, Thiessen promises,

because it will be created especially for *Actuary* puzzle solvers.

"We're kicking off the new year with an actucrossword this month," she said. "It's a change from the cryptics and crostics, and Dan and I hope puzzle enthusiasts will have a great time solving it."

Thiessen and Reichart expressed their thanks to all who participated in 1996. "We had a great response, and we always appreciate your comments and suggestions," Thiessen said.

Be sure to check the back cover for new puzzles this year.



Notices for May 1997 candidates of Courses 200 and 230

Updates in study materials were announced for students taking Courses 200 and 230 for the May 1997 examinations.

For Course 200, the spring 1997 *Associateship and Fellowship Catalog* requires the new 1996 text *Mercer Handbook of Fixed Income Securities* (11th Edition). The editor of this new text is G.M. Hall, not L.E. Coward as stated in the catalog.

For Course 230, the 1997 catalog, on page 53, says candidates may use either the 4th or 5th edition of the Fabozzi text *The Handbook of Fixed Income Securities*, with different chapters for each edition. The information printed in the 1997 catalog is correct; the assigned chapters from the 4th edition have changed from those that were assigned reading last year.