



SOCIETY OF ACTUARIES

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EDITORIAL

CONSIDER an average United States family in what must be the prime market for individual life insurance. It consists of a husband, wife and at least one child under age 18. Its household income in 1979 is about \$24,000.

First question: How much of that \$24,000 is that family showing itself willing to pay in annual premiums for life insurance policies purchased from agents of life insurance companies—not obtained through employer-supported plans?

Second question: What does the answer tell us about the success of the mission of our hundreds of life insurance companies and their hundreds of thousands of agents?

A recent LIMRA-ACLI joint report doesn't exactly answer that first question, but it permits one to make an estimate. The report, A Profile of Life Insurance Ownership in the United States, tells what was revealed by interviews made in 1976 in a sample of households. It shows results by family composition, and results by household income, but separately from each other, not in a combined tabulation.

One deduces from those figures that the answer for our \$24,000 family in 1979 must be a total annual premium below \$500. — i.e., a commitment to the service and security so vigorously offered of less than 2% of the total family income.

How, we wonder, do some of our readers see the staying power of our present products and distribution system in the light of this level of achievement? It looks troubling to us.

E.J.M.

LETTERS

Ideas Wanted

Sir:

Readers of *The Actuary* may be interested to learn that an advisory committee has been formed, at the request of the NAIC, to assist the NAIC Life Insurance (C3) Subcommittee Cost Disclosure Task Force in considering the subject of manipulation. The general purpose of the advisory committee is to study methods of detecting manipulation in the design of policy values and dividends in order to produce unrealistically attractive cost indices.

The advisory committee consists of the following actuaries:

Kenneth J. Clark	Paul J. Overberg
Thomas F. Eason	C. Norman Peacor
Walter N. Miller	Julius Vogel
Richard C. Murphy	(Chairman)

In setting about its work, the advisory committee will welcome suggestions about how to define manipulation, how to detect manipulation, as well as examples of what are believed to be instances of manipulation. Comments about the advisory committee's task are therefore most welcome.

Please send them to me and I will distribute them to the entire committee.

Julius Vogel

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Examinations for Enrolled Actuaries

Sir:

A letter dated December 15, 1978, was sent to members of the Society of Actuaries giving the background and rationale of the plan for Joint Administration of the examinations for Enrollment of Actuaries to practice under ERISA. This is a matter of great importance to Society members, and should be discussed and understood by them. The Joint Administration already has received final approval, for the 1979 Examinations, but the finalization of the syllabus under which credit for these examinations will be given has not. The Board should provide members a chance to give their input before the major syllabus changes contemplated are finalized, and should seek membership input before any further major changes to the educational programs of the Society are undertaken.

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