



SOCIETY OF ACTUARIES

Article from:

The Actuary

October 1993 – Volume 27, No. 8

Actuaries and the public (continued)

public while identified as an actuary, I would like to hear about them. (This includes experiences such as talks to grade school pupils to show them how insurance works.) Please send an account either to me at my *Directory* address or to *The Actuary* at the Society office. If an upcoming issue editor agrees the responses warrant seeing ink, your responses will be published.

Another, more forward-looking, aspect of the same question is encapsulated in the slogan, "Ask an Actuary." What should be our stance? Should actuaries adopt a proactive position, or should they wait until asked before speaking, as now seems to be the case? Following is a list of several areas of public concern getting headlines in the United States. Can actuaries define for themselves a greater role, or any role at all, in resolving these issues?

- Health care financing reform, especially at the state level, where push soon will come to shove.
- Proposition 103 rolling back auto insurance rates in California; it could happen elsewhere.
- Reapportionment of Congressional districts based on new

census data and given political objectives; will we be ready next time?

- Simplification of property tax methodology, for instance, as in Cook County, Illinois, so the public understands and accepts it as equitable.
- School financing outside the property tax, as it seems to be moving forward in Michigan, a recurring issue in many states.
- Development of revenue-sharing formulas among major-league baseball teams (a joint Canadian/U.S. problem) to address the small market problem; can actuaries contribute here?

Health care financing reform and auto insurance rating are obviously within the purview of the actuary. Reapportionment, property tax rules, baseball revenue-sharing — these issues involve data and methodology familiar to actuaries, such as population demographics, valuation methods, and optimization of returns. It seems that actuaries could be part of many solutions that the public needs. Thus, your experiences, thoughts, and comments on the past and continuing role of the actuary would be much appreciated by your fellow actuaries.

I have been told not to be overly

optimistic about getting responses to such a request: "You'll be lucky if you get even one!"

I took this statement to imply a Poisson distribution, and I was about to share this random thought when I caught myself and asked instead: "What if we award a martini to anyone who sends in a significant response?"

"Well, you might get two," was the guarded reply.

Before the editors can make such an offer, of course, they need to determine what reserve should be set up to provide for it adequately. My guess is \$32; can anyone confirm this amount?

A final note: Copies of the whisky ad and the wine cask problem are available from *The Actuary* staff editors at the Society office. From the combined information in each item, it seems that these folks are working with a very large batch of Scotch whisky, which "lies, in aureate slumbers, maturing," as the ad states. Resembles the actuarial profession, some would say.

Charles Habeck is a consultant at EM-BAR-EX International, Milwaukee, Wisconsin, and an assistant editor of *The Actuary*.

IN MEMORIAM

James C.H. Anderson
ASA 1954, MAAA 1966, FCA 1975

James O. Challenger
FSA 1944, MAAA 1965

Lynn T. Hansen
ASA 1987, EA 1986

John S. Pearson, Jr.
FSA 1966, MAAA 1969

G. Emerson Reilly
ASA 1930, MAAA 1966

Jacques Roy
FSA 1968, FCIA 1968

Samuel C. Tatum
ASA 1932, MAAA 1966, EA 1976

James "Jim" C.H. Anderson will be remembered within the actuarial profession as an innovative thinker and a pioneer in new products and practices. In 1975, he introduced a new concept, which he called "the universal life insurance policy." His 1959 paper (TSA XI), "Gross Premium Calculations and Profit Measurement for Nonparticipating Insurance," which won the Society of Actuaries Triennial Prize, still serves as the basis for most of today's insurance pricing and appraisal work. He shared his insights with the insurance industry in his column, "The Last Word," in *Emphasis*, the quarterly

magazine for Tillinghast, where he was president, managing principal, and chief executive officer until 1986. Contributions in his memory can be directed to the Thomas P. Bowles Jr. Chair of Actuarial Science at George State University, c/o Steven W. Strickland, Dean's Office, College of Business Administration, University Plaza, Georgia State University, Atlanta, GA 30303.