The Actuarial Update

VOLUME 17 NUMBER 4 | AMERICAN ACADEMY OF ACTUARIES | APRIL 1988

In this issue

Enclosures

Included in this month's issue of *The Update* are the following:

- Government Relations Watch
- In Search Of . . .
- Standards Boxscore
- Nomination Card
- Exposure Draft: Recommendations and Interpretations Concerning Health Rate Filings
- Recommendations for Measuring Pension Obligations
- Incurred Health Claim Liabilities

The Actuary of the Future: A Vision Explored

by George Soules

In the March issue of *Forbes* magazine, actuaries are called "boring all the way to the bank." The article enumerates the, by now, familiar "characteristics" of the profession. Actuaries are indispensable to society, however, their skills are too esoteric for public understanding; hence the profession is small in numbers and likely to remain that way. The story focuses on Barnet Berin, chief actuary at William M. Mercer, Inc., who describes himself as more boring than an accountant. Boring but bountiful, the article suggests, is really not such a bad way to be.

Despite this generally rosy assessment, within the profession there is undisguised fretting over the actuarial corpus and its prognosis. Editorials have appeared in virtually all the actuarial publications speaking out about the future course of the profession. Now, under the auspices of the Society of Actuary's (SOA) Committee on Planning, a Task Force on the Actuary of the Future is busy peering into a crystal ball, hoping to come up with a new vision for the profession in the 21st Century. Several meetings of the task force have already taken place, and a report is due to the SOA's Board of Governors in October 1988. A major assignment of the task force is to develop a "vision matrix," matching skills with job functions in areas where actuaries could provide services. Another important item on their agenda is to pin down the nature of "core" actuarial skills.

The need to step back and lay a solid foundation before moving into uncharted terrain is an approach favored by Jim Hickman, task force member and dean of the Business School at the University of Wisconsin. "We have to sort out what is basic and fundamental," he says. "That is a pre-condition." Another leading thinker on this topic, Fred Kilbourne, a managing director of Mercer-Meidinger-Hansen, concurs. "You don't have grounds for cohesion unless you know what is fundamental." But Kilbourne also sees a possible conflict: "How do we broaden our perspective without weakening our technical foundation?" he asks.

The effort to determine what skills should be considered the common core of knowledge possessed by actuaries does not diminish the fact that these skills, however defined, are well-suited for applications beyond the traditional scope of actuarial practice—life insurance and employee benefits. A return to the "glory days" of twenty-five years ago, when actuaries literally strode atop the firmament of the life insurance industry, is unlikely due to increased competition from other professions and a shift within companies to organizations based on "business units" rather than on "functions." Yet the need for actuarial services in the relatively untapped arenas of government, law, public health benefits, and in dealing with social problems in general, is considered very promising. A difficult issue before the task force is how best to make decisionmakers in these areas aware that actuaries have the right stuff to do the job. Should this information "seep through" to them or should actuaries be aggressive about convincing the world that they are the best qualified?

Working on the latest frontier of actuarial influence, as a financial actuary on

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CENTENNIAL 1989 CELEBRATION

The Actuarial Profession · North America

Story inside on how plans for this event are shaping up.

The Actuarial Update

Chairperson
Committee on Publications
Carl R. Ohman

Editor
Charles Barry H. Watson

Associate Editor
Warren P. Cooper

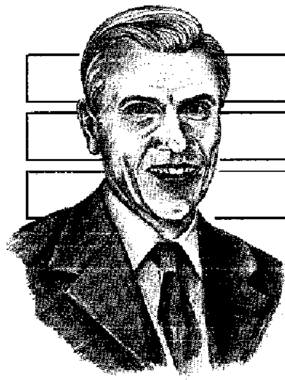
Managing Editor
Erich Parker

Contributing Editor
George Soules

Production Manager
Renee M. Cox

American Academy of Actuaries
1720 I Street, N.W. 7th Floor
Washington, D.C. 20006

From the President



John A. Fibiger

"Not Necessarily the News"

Whether in a company, in a professional association, or in any other human endeavor, good staff people can sometimes be a pain. This usually has nothing to do with their personality, but is related to the fact that it is often their job to remind you of obligations to which you have already committed. Thus, I was initially less than cheerful when the note from the Academy's Director of Public Information Erich Parker arrived, reminding me that I owed *The Update* a mid-term editorial—sort of a "State of the Union" piece.

Erich's reminder arrived the same day that I was preparing a draft of my report of what was going on in the Academy for a meeting of the executive committees of the Academy, its founding organizations, and the Canadian Institute of Actuaries in Phoenix, Arizona. At this meeting, held once every two to three years, the leadership of these five organizations meet separately and then jointly to go over topics of current and mutual interest. There is so much going on in the actuarial profession these days, the meeting agenda is full. Casualty Actuarial Society President Dave Hartman, who won the lucky turn of the roulette wheel to be in charge of the meeting, suggested that each president prepare a brief summary of what was going on in that organization in case there wasn't time for us to report verbally.

When faced with an obligation, there is always a tendency to find the easy way out by seeing if you can't recycle something that you had already used before. This, after all, is a time-honored actuarial tradition, because in many cases we recycle mortality tables or experience studies when our "judgment" tells us that a new study or a new table would produce little additional information.

Although my purpose is not just to touch on topics of current interest, for the record, here is a list of the unusual items that were in my report to the joint executive committees: (1) possible establishment of an Actuarial Standards Board, (2) discussion of a proposal to launch an actuarial magazine, (3) formalizing the position of Director of Government Relations, (4) continuing education requirements and recognition for enrolled actuaries and other Academy members, (5) the Academy's annual meeting schedule, and (6) the participation of the Academy in the ongoing debate on a national health care policy.

But more importantly for a discussion of the state of the Academy are items that would not be categorized as news. We do not expect to see headlines like "No Planes Crashed Today" or "Today, No Dogs Bit Any Postmen," because that is not what we call news. It is the unusual, the different, the new, that commands our attention when we read of an airplane crash or hear about a canine encounter of the worst kind.

With respect to professional activities, we see no headlines such as "Insurer Makes Scheduled Payments" or "Insurer Meets All Obligations in Calendar Year." It's expected, it's not news, and yet it takes the effective functioning of actuarial professionals served by an education and standards-setting process to make the system work.

Here are ten items of non-news off the top of my head. The *1988 Yearbook* is out. The Enrolled Actuaries Meeting was a great success. New members were admitted to the Academy last month. The Academy Washington Briefing and Luncheon went well. The Academy put an annual budget together. The Academy sent statements on a wide variety of topics of actuarial interest to a number of governmental and regulatory authorities. The *Issues Digest* was published. "Academy Alerts," are becoming an increasingly popular news service. We continued to work on qualification standards. The Interim Actuarial Standards Board met recently. My list stops at ten, but I could easily go on to two or three or four times that in length with the routine activities on which the Academy is actively representing the public interests of our profession.

By the usual criterion, an item of news is not that the Interim Actuarial Standards Board met, for example, but rather that the members of the Academy will very probably soon be voting on a bylaw amendment to accommodate its change into a permanent Actuarial Standards

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Letters to the Editor

Response to Robertson

I am responding to A. Haeworth Robertson's analysis of the financial future of Social Security (*The Actuarial Update*, February 1988). Robertson's analysis fails to take into account the dynamic nature of the U.S. economy.

The standard of living that U.S. citizens enjoy derives from two sources: the productivity of individual workers, and the degree of participation by citizens in the workforce. (This picture is distorted to some degree by deficit spending, which represents, in effect, an advance on future production.) In the two decades following World War II, the standard of living improved rapidly, primarily as a result of productivity increases. More recently, productivity increases have flattened out, but higher participation in the workforce has contributed to maintaining reasonable improvement in the standard of living. Indeed, the slow-down in the rate of productivity increase stems in large measure from entry into the workforce of the baby boom generation, as well as higher participation by women in the workforce, making labor cheaper relative to productivity-enhancing capital investment.

Under Robertson's scenario, as the baby boom generation retires early in the next century, participation in the workforce will decline, while the rate of productivity improvement remains unchanged. The result is a stagnant or even a declining standard of living. Robertson then states the obvious: in this situation the retired population will suffer along with everyone else.

Unless one is predicting the economic decline of the United States, a more likely scenario is that employers will respond to the aging of the population by investing in labor-saving capital improvements and by providing inducements for the elderly to remain in the workforce. Both responses will mitigate the financial difficulties of Social Security, the first by enabling workers to afford higher contributions, the second by reducing the average period of retirement.

Nobody can predict with assurance the future course of changes in the United States standard of living. However, as long as the U.S. retains its democratic system of government, one can be confident that the retired population will share in changes in the living standard in equal measure with the working population.

Eric J. Klieber
Cleveland, Ohio

Throw 'Em a Herring

The latest version of the *Issues Digest* is a landmark in the way that the Academy bureaucracy has got the profession to behave like trained seals.

I know I belong to a profession that has vigorous disagreement among its members. Yet in none of the "Academy Recommendations" is there other than one-voice statements. Take, for example, the AIDS issue. While some conflicting ideas are commented on, the Academy position is utterly one-sided. One knows a position is unrealistically one-sided when a publication like *Best's* can espouse concepts about this issue far more liberal and wide ranging than the Academy's!

Look at FAS 87 and FAS 88. Both contain serious dissent on one or more aspects of their contents. Look at any *Issues Digest* or any formal Academy publication, and you will find not one position in which a minority have been given the opportunity to contradict the majority position. There are two places appropriate to a publication so uncompromisingly one-sided: the trash can, or a moderate-sized political library on the same bookshelf as *Mein Kampf*, *Das Kapital*, and *Mao's Little Red Book*.

Jan R. Harrington
New York, New York

Editor's reply: Contrary to Mr. Harrington's views, the Academy welcomes disagreement and dissent. The basis for

(continued on page 7)

The Update welcomes letters from readers. Letters for publications must include the writer's name, address, and telephone number, and should be clearly marked as Letters to the Editor submissions. Letters may be edited for style and space requirements.

Legal Lines

by Gary D. Simms

Allocation of Assets: In Search of a Definition

The debate whether pensions represent deferred wages or promises of future payments was at the heart of the debate over ERISA's enactment. A series of recent cases raise that issue in the context of plan terminations and reversions of "excess assets" by plan sponsors, with employee-participants arguing that they are entitled to more of the assets than sponsors are willing to concede.

In the most well-known case, *Blessitt v. Retirement Plan for Employees of Dixie Engine Co.*, the U.S. Court of Appeals for the 11th Circuit has recently vacated an opinion that stated that participants were entitled to receive all benefits promised as of a normal retirement date, including unaccrued and forfeitable benefits. The court has scheduled a rehearing *en banc* (all judges participating) on the issue.

But while the 11th Circuit debates the definitions of "nonforfeitable benefits" and "all other benefits" contained in ERISA's allocation procedures, the 4th Circuit Court of Appeals has rejected a request for a rehearing in *Tilley v. The Mead Corp.*, letting stand an opinion that found that former plan participants who had worked more than thirty years at the time of plan termination were entitled to receive early retirement benefits, even though the plan also required them to reach age sixty-two to collect those benefits (which they had not done at the time of the termination). The plan sponsor's request for rehearing *en banc* being denied, the matter is now up for a *writ of certiorari*, a formal request that the U.S. Supreme Court rule on the matter.

The Academy's Executive Committee has decided that the Academy should file a friend of the court (*amicus curiae*) brief and recommend that the Supreme Court review the case.

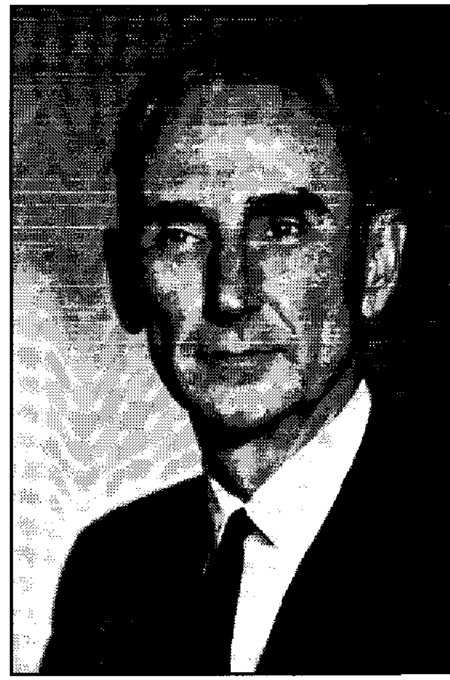
In *Tilley*, the key question is an intrepretation of the plan asset allocation provisions in ERISA. For many years, it has been understood that accrued benefits are subject to distribution to plan participants at the time of plan terminations. At first, some reviewers felt that the judges in *Tilley* and in *Blessitt* did not understand the nature of "accrued" benefits. But upon analysis, it appeared that the judges understood the distinction between accrued and unaccrued benefits quite well. They understood that they were expanding the accepted definition of assets subject to distribution at termination considerably beyond previous practice.

Such an expansion calls into question the validity of the thousands of plan terminations that have taken place over the past decades and poses a danger to the stability of the defined benefit pension plan world. Due to the professional nature of the Academy's role, our brief will focus on the actuarial nature of the questions before the court and will eschew taking a position on the ultimate question of statutory interpretation. While individual pension practitioners may disagree on the merits of the case, those within the Academy can all agree on the need for a clear articulation by the Supreme Court of its interpretation of this important statutory provision.

Simms is the Academy's general counsel.

Standard Valuation Law Committee Begins Its Work

The reconstituted National Association of Insurance Commissioners' Special Advisory Committee of the Standard Valuation Law, chaired by John Tweedie, has received its charge from John Montgomery, who chairs the NAIC Life and Health Task Force. It is: By May 1989, this advisory committee will develop a draft model law and accompanying regulations that would require each company to submit an acceptable opinion by a qualified actuary, supported by an appropriate memorandum describing the basis of such opinion, as to the adequacy of certain specified reserves and the assets supporting such reserves.



Charles L. Trowbridge

Trowbridge to Write Monograph

The Actuarial Education and Research Fund (AERF) is pleased to announce that Charles L. Trowbridge has been selected to write a monograph on the intellectual foundations of the actuarial profession. Trowbridge is the retired senior vice president and chief actuary of The Principal Financial Group.

During his distinguished career, Trowbridge served as chief actuary of the Social Security Administration, as professor of actuarial science at the University of Michigan, as editor of the Society of Actuaries' (SOA) newsletter, *The Actuary*, and as SOA president.

The need to define fundamental actuarial concepts moved the Interim Actuarial Standards Board to promote such a monograph under the sponsorship of the AERF. The monograph will be a broad-brush portraiture of the profession, and not a textbook, stressing that actuarial science derives from certain ideas or concepts used by *all* actuaries. The monograph is intended to be a device for unifying and coordinating the profession, and as a foundation upon which actuarial standards can be built.

A distinguished panel of reviewers will review the manuscript at various times to ensure that all areas of practice are appropriately covered. AERF intends to publish the monograph in time for the 1989 Centennial Celebration. Δ

GAAP for Universal Life

by Jan L. Pollnow

In a publication dated December 1987, the Financial Accounting Standards Board (FASB) promulgated accounting standards for three classes of long-duration contracts (universal life-type, limited pay, and investment contracts). It also changed the standard for reporting realized gains and losses.

The official title of the new publication is "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments," (FAS 97). It specifically singles out the three classes of long-duration contracts that are to receive treatment different from that described in FAS 60, "Accounting and Reporting by Insurance Enterprises."

The key items in FAS 97 are set forth below.

(1) Universal life shall be accounted for using the retrospective deposit method. This essentially means the account balance will be used as the liability.

(2) Revenues for universal life are amounts assessed against policyholders (i.e., expense charges, interest liftoff, cost of insurance, and surrender charges), rather than premiums collected.

(3) Deferred acquisition expenses for universal life are to be amortized in proportion to the present value of the estimated gross profits (e.g., investment income earned less interest credited to policyholder balances). The estimates of gross profit shall be evaluated regularly, and the total amortization to date shall be adjusted to reflect actual experience.

(4) Contracts that do not have significant insurance risk (e.g., the accumulation period on most deferred annuity contracts) are called investment contracts and shall be treated in a manner consistent with interest-bearing or other financial instruments. Payments received are not considered as revenue.

(5) Limited-payment contracts shall be accounted for as in FAS 60, except that any gross premium in excess of the net premium shall be deferred and recognized in relation to insurance in-force or annuity benefit payments.

(6) Gains and losses that result when life insurance contracts are replaced by universal life contracts, within the same company, shall be immediately taken into income (i.e., not deferred).

(7) Realized investment gains and losses shall be reported as a pre-tax component of other income, rather than as an after-tax item below operating income.

(8) FAS 97 is effective for fiscal years beginning after December 15, 1988, with earlier application encouraged. The changes adopted shall be used to restate prior financial statements. If restatement is not practical, the cumulative effect shall be included in net income in the year the statement is adopted.

The changes will have a significant impact on the Academy's Financial Reporting Recommendations and Interpretations. As a result, the Interim Actuarial Standards Board has requested and the Committee on Life Insurance Financial Reporting Principles has agreed to incorporate the changes necessitated by FAS 97. These changes are principally in Recommendations 1 and 5. The committee will also attempt to replace references to the Audit Guide with references to FAS 60, as appropriate. The handling of investment gains and losses will not be addressed, and a decision on whether to address investment contracts has not been made.

It is currently envisioned that the proposed changes will be ready for distribution to Academy members by October 1988.

Pollnow is a member of the Committee on Life Insurance Financial Reporting. FAS 97 is available from the Order Department, Financial Accounting Standards Board, High Ridge Park, P. O. Box 3821, Stamford, Connecticut 06905-0821.

Plans Unfold for the 1989 Centennial Celebration of the Actuarial Profession in North America

The actuarial profession will commemorate a century of challenge, growth, and achievement on June 12–14, 1989 in Washington, D.C. Hosted by the Conference of Actuaries in Public Practice, the American Academy of Actuaries, the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries—this special event is shaping up to be one meeting in 1989 you will want to be sure to attend.

The Centennial Celebration will feature:

- **distinguished speakers,** like management consultant authority John Diebold, who is a luncheon speaker, and academician Professor Hans Buhlmann, who is scheduled to speak on the intellectual foundations of the actuarial profession as part of a panel discussion entitled: The Challenge from Within;
- **honored overseas visitors,** representing actuarial organizations from around the world; and
- **first-rate entertainment,** including the spectacular Canadian Brass.

You have already received a preliminary announcement on the Centennial Celebration; as more program details become available, you will receive a follow-up mailing.

In the meantime, mark your calendar now in anticipation of this very special occasion.

A VISION EXPLORED
(continued from page 1)

Wall Street, Jim Tilley, managing director of Morgan Stanley, believes "it is highly presumptuous for us to put actuaries in a position where we are indispensable. Where I differ from my colleagues is that I don't think we can create these skills—that's not achievable." Tilley says actuaries need to "round out their skills base," and the profession should recruit more "business-oriented" people with training in financial theory and economics. Another of Tilley's suggestions is to include specialty tracks, such as one for investment, on the examination syllabus.

In personal terms, Tilley's path to success in investment banking on Wall Street is unconventional, involving years of prior experience with mergers and acquisitions, a career track, in other words, not readily taken by the average actuary. Tilley appears to relish being in the vanguard of change. He refers to actuarial cohorts on Wall Street as zealously entrepreurial—a breed apart. "We are not bound by what has already been done," he says. "We are creative . . . and restless."

Do other actuaries have the nascent drive and ability of a Jim Tilley, qualities seemingly essential to survival in the financial services arena? More pragmatically, could actuaries in mid-career, for instance, be retrained so as to be able to calculate stochastic interest rates and deal effectively with the dynamics of Wall Street? Jim Hickman fears that the "technical explosion" occurring within the investment banking field is beyond the tools of most actuaries, and he is personally "quite discouraged" about the prospect of employers initiating the job of retraining. Moreover, he believes the middle-aged actuary is "unwilling" to undergo intensive retraining. His intermediate solution would be to expand the current two- and three-day seminars that are a part of the actuary's continuing education into three- and four-week "executive development" programs.

One of the criticisms leveled is that the university system does not adequately support the profession by attracting and training well-rounded individuals for actuarial service. Hickman responds that the university is not necessarily in the right position to provide the training required. For example, running a seminar on the new Social Security integration rules is not within the university's scope, says Hickman, whereas it is within its role to foster the study of, say, the epidemiology of AIDS.

But preceding the issue of how properly to educate actuaries is an acknowledgement that the profession is not attracting enough candidates to the field in the first place. The *Forbes* article points this out in painful detail. It refers to how the profession's absence of glamor makes it difficult for companies to recruit on campus. Quoted to this effect is Patrick Studley, a Met Life actuary who says: "We spend half the time on a campus interview telling students what actuaries are."

That actuaries are not as well-recognized as their mathematical cousins, the accountants and economists, is something the profession has learned to endure if not accept. The task force is considering ways to change this perception or, put another way, it has set about figuring out how the profession can successfully lure non-actuarial candidates such as MBAs and economists to the fold.

Kilbourne points out that this effort is impeded because the profession does not have easily identifiable degree designations such as Ph.D, CPA or MBA. "We need to drum up the image," he says, by making the designation of FCAS or FSA, for example, more recognizable. The length and difficulty of the examination system is also a drawback to recruitment, even though the system is fair and equitable. Jim Murphy, vice president and chief actuary of Northwestern Mutual Life and chairman of the task force, is concerned that the heavy math emphasis "frightens away" many potential actuarial students. He laments that "we don't do as good a job as we could" in attracting candidates with more diverse backgrounds, and he argues that the university should play a larger role in promoting the profession and in establishing contacts with employers who need actuarial services. His vision of the actuary of the future is someone "knowing the technical underpinnings, as well as other things such as law, economics, investments, and regulation."

Projecting a more dynamic, competent image of the actuary will not succeed, according to those deliberating on the issue, unless the profession's members are able to communicate the extent of their abilities to employers and the publics they serve. The failure to do so to date has been ascribed to the notion that actuaries are often poor communicators. As a result, actuaries are also said to lack the leadership skills necessary to compete at the top levels of corporate management. Can actuaries learn leadership? The task force is not so sure. Hickman says finding good leaders is an endemic problem in the business world because of the downsizing of American industries and the poor leadership training received in our school systems.

If this is the case, then actuaries are in no different a position, or disadvantage, than other professionals striving for power and influence in a competitive business world. Or are they? In a recent address that touched on this subject, Michael Walters, then president of the Casualty Actuarial Society, pointed out that "the very analytical orientation of actuarial training is in partial conflict with a basic tenet of management training. Management training is 'the art of getting things done through others' and implies a certain letting go of technical details . . . actuaries on the other hand are trained to cut through to the heart of the problem and to try to solve it themselves."

Reconciling these contradictory elements is one of the challenges that the profession must come to grips with as it forges into the 21st Century.

Next month, The Update *will feature part two of Soules' look at the future of the actuary and the actuary of the future.*

P&C Seminar in October

The Canadian Institute of Actuaries and the Casualty Actuarial Society are jointly sponsoring a two-day seminar, October 3–4, 1988, on property/casualty loss and policy liabilities. This seminar will provide discussion on principles, current practices, and issues in Canada of interest to fairly broad audience, including actuaries, actuarial students, and other individuals involved in this subject area.

The seminar will be held at the Sheraton Centre in Montreal, Canada. For more information, write to Canadian Loss Reserve, c/o Canadian Institute of Actuaries, 360 Albert Street, Suite 405, Ottawa, Ontario, K1R 7X7, or telephone (613) 236-8196.

Fibiger to Receive UNL Award

Academy President John Fibiger has been selected for the 1988 Award of Merit by the Alumni Association of the University of Nebraska (UNL). This award is given once each year to recognize outstanding contributions to the university.

The Award of Merit was presented at the College of Arts and Sciences Alumni Reception on March 31 at the Wick Alumni Center. The Award of Merit is made in recognition of Fibiger's assistance to the actuarial science program at the University of Nebraska-Lincoln during its early years. Fibiger was an actuary with Bankers' Life of Nebraska from 1959 to 1973. During this period, he served on the Actuarial Science Chair Committee; he helped recruit faculty and students, and he assisted in raising funds to support the new program. The efforts of Fibiger and others in these crucial early years provided the foundation for one of the country's most successful actuarial science programs. The program has grown from zero in 1957 to a current enrollment of 150 undergraduates and thirty graduate students, participating in three degree plans.

Recognition of Fibiger's support is especially appropriate this year, for it is the program's thirtieth anniversary. He remains a friend and supporter of the UNL actuarial science program.

ROM THE PRESIDENT
(continued from page 2)

Board. Yet what the Academy members really need to know, in my view, is not so much of the unusual events, but more that the Academy, itself, and its committees and staff are functioning very well on behalf of the membership.

Turning back briefly to staff, I hasten to amend my statement that staff people can be pains. It is not the staff people who are painful, but rather the obligations that we have accrued unto ourselves that they remind us of. Some people have a tendency to "shoot the messenger," and that can make a staffer's life hard. Without the messages, though, the reality often becomes much more difficult. In the case I'm citing, Erich was reminding me in a timely fashion of an obligation already incurred. Because he did, I didn't have to respond to that obligation in a post-deadline panic.

This says something about the state of the Academy that I would like to close on: Academy members are well served by a competent, loyal, and interested group of people in the Washington office (as well as our membership manager in the Itasca office). One of the great pleasures of my position has been the opportunity to deal with more of these people than I normally would have as an Academy member. You, the membership, can be confident that these people go about their business of not making any news, because what should be done usually turns out to be done—and done well. It may only be routine, but Academy members can be well satisfied by what staff does on their behalf, even though it's "Not Necessarily News."

Fibiger's next editorial will appear in the September edition of The Actuarial Update. *It will be his final editorial as president.*

LETTERS TO THE EDITOR
(continued from page 3)

the "Academy Recommendations" in the Issues Digest *are the official statements of the organization, as crafted by its committees. Where a committee statement reflects dissent, the summary recommendation likewise reflects disagreement. It so happens that there were not other than unanimous committee statements from which to draw in putting together this year's* Issues Digest. *Academy committees strive to write statements that in some way reflect the views of the entire committee, which comprise a cross-section of membership.*

Numerical Errors

I fear that the publishing of a report that appears to have at least three numerical errors will do little to "strengthen our profession" ("Chart of Actuarial Organization Membership," *The Actuarial Update*, January 1988.)

Lucian R. Lee
Taylors, South Carolina

Managing Editor's reply: You are so right; the numbers are incorrect. The total Academy membership (column 2) should have read 8,887. The numbers we printed were what our blurred telefaxed original copy appeared to read. Machines as well as people can be imperfect.

Checklist of Academy Statements February 1988

Copies available from the Washington office. Please request statements by date of release.

TO: Various members of Congress, February 4, 1988. RE: Pension legislation. BACKGROUND: Letter to various members of Congress expressing the Academy's concern regarding the effect of current pension policy on the private pension system.

TO: Department of the Treasury, February 16, 1988. RE: Valuation of health and welfare plans. BACKGROUND: Outline of a proposed valuation methodology as required under IRC Section 89, enacted as part of the Tax Reform Act of 1986.

TO: NAIC, February 19, 1988. RE: Health insurance reserve standards. BACKGROUND: Two alternative revisions of the previous draft of proposed reserve standards for health insurance, dated September 10, 1987.

TO: Social Security Administration, February 25, 1988. RE: Projected Social Security benefits. BACKGROUND: Comments on information contained in recently issued Social Security pamphlet. Δ

RADIO ROUNDUP

a collection of features, oddities, and helpful tips

169 WORDS, 68 SECONDS

TEST YOURSELF

HERE'S A QUESTION TO TEST YOUR VOCABULARY. WHICH OF THESE PEOPLE CAN ESTIMATE MOST ACCURATELY HOW LONG YOU ARE LIKELY TO LIVE? (A) AN ASPIRANT. (B) AN ASCETIC. (C) AN ACTUARY. (D) AN ACCOUNTANT.

IF YOU CHOSE *ACTUARY,* YOU'RE RIGHT! ACTUARIES USE ADVANCED MATHEMATICS TO CONSIDER HOW FACTORS LIKE SMOKING AND BODY WEIGHT AFFECT A PERSON'S LIFESPAN. INSURANCE COMPANIES USE MANY DIFFERENT KINDS OF ACTUARIAL STATISTICS TO DETERMINE HOW MUCH YOU SHOULD PAY INTO YOUR INSURANCE OR PENSION PLANS, SO THAT THE MONEY'S THERE WHEN YOU NEED THE BENEFITS.

ACCORDING TO THE AMERICAN ACADEMY OF ACTUARIES, THERE ARE ABOUT ELEVEN THOUSAND OF THESE MATH EXPERTS IN THE WORKFORCE. COMPARE THAT TO THE NUMBER OF PRACTICING ATTORNEYS IN THE UNITED STATES, SOME SIX HUNDRED AND FIFTY-FOUR THOUSAND, AND YOU GET AN IDEA OF JUST HOW SMALL A PROFESSION IT IS. THEIR NUMBERS MAY BE SMALL, BUT THE ECONOMIC INFLUENCE OF ACTUARIES IS FAR-REACHING.

The script reprinted above, issued by the Academy, was used by 246 radio stations in 40 different states, reaching over 14 million listeners.