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1. IMPORTANT DATES

1998

September 15-17
AFIR & British Investment Group Convention
Cambridge, United Kingdom

•

October 7 or 10
ASTIN
Glasgow, Scotland

•

*November 2-3
IAA/IFAA
Cape Town, South Africa

1999

*April 17-18
IAA/IFAA
Madrid, Spain

•

August 22-25
ASTIN
Tokyo, Japan

•

August 24-27
AFIR
Tokyo, Japan

•

*August 29
IAA/IFAA
Tokyo, Japan

2000

September 17-20
ASTIN
Costa Esmeralda, Italy

•

AFIR
Tromsø, Norway

2002

March
International Congress of Actuaries
Cancun, Mexico

* *Subject to confirmation by Council in June 1998*

2. MESSAGE FROM THE SECRETARIAT

In September 1996, the IAA Council selected the Canadian Institute of Actuaries (CIA) to host the combined Secretariats for the IAA and the IFAA, beginning in October 1997. At the September 1997 IAA Council meeting, Yves Guérard of Canada was elected Secretary General to replace Willy Lenaerts. Also in September 1997, Nicole Séguin (nicole.seguin@actuaries.org), who was previously Assistant

to the Executive Director of the CIA, was appointed Executive Director of the IAA/IFAA. She is supported on a part-time basis by Christian Levac, as well as by CIA staff members, on a contract basis, to provide specific services as required. The transfer of records and files from Brussels is nearly complete. All correspondence with the IAA Secretariat should be directed to the Ottawa office :

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The IAA and IFAA share the following Web Site address: www.actuaries.org. If you have not already done so, you are encouraged to visit the IAA site which contains information on the Council, PEC, Donation Members A, Donation Members B, ASTIN, AFIR and the IPEF. The “New” button highlights documents added to the site during the past three months.

The agendas for the June 6 and 11 Council meetings, the proposed 1998-99 IAA Budget, Report II to IAA Members, the proposed Statutes, Internal Regulations and the Initial Motions are available on the Web Site. All these documents are produced in html language. In an attempt to improve the

print quality of its documents, the IAA Secretariat has posted this Bulletin on the Web Site in pdf format thereby making the Web copy identical to the printed version. However, a special reader, such as Acrobat Reader, is required to access the document. Instructions on how to download the reader are available on the Web Site.

Except in rare circumstances, documentation produced by the Secretariat will always be available on the Web Site. Suggestions and recommendations as to information for posting to the Web Site are always welcome and should be directed to the Executive Director.

3. MINUTES OF THE MEETING OF THE COUNCIL OF THE INTERNATIONAL ACTUARIAL ASSOCIATION

REPORT OF THE IAA COUNCIL MEETING BRUSSELS, SEPTEMBER 27, 1997

The IAA Council meeting took place on September 27, 1997 at the Conrad Hotel in Brussels. The inviting atmosphere, in which there were numerous exchanges of achievements, highlighted, once again, the excellent climate of collaboration within the Association.

In spite of a long wait for Yves Guérard, whose plane was delayed, the audience was able to welcome him with a round of applause by the afternoon.

The morning was spent unanimously recognizing the magnitude of the work performed, on the one hand, by W. Lenaerts during his successive terms as Secretary General and as Treasurer of the IAA, and, on the other hand, by the members of the Provisional Executive Committee (PEC) during these past 12 months in organizing the new structure of the IAA.

In opening the meeting, President A. Lamens informed the attendees that the meeting would last a full day, the better part of which would be devoted to the reorganization of the IAA. The report of the PEC would be presented in the morning, following the break, and the entire afternoon would be devoted to the discussion of the report. He then called upon the Secretary General, W. Lenaerts.

REPORT OF THE SECRETARY GENERAL

“Dear Colleagues,

The efforts of those who played an active part in the operations of the IAA during the past year have essentially concentrated on two issues.

First, there was the organization of the 26th International Congress which will take place next June in Birmingham. Our British colleagues will brief us on the details later today. Bulletin no. 3 will be sent shortly, at which time official registration will begin.

Then, there were the questions on implementing the conclusions of the Task Force on the Future of the IAA presented by Hans Bühlmann at the last Council meeting on September 28, 1996. The first proposals of the objectives and the structure addressing the present and future needs of the IAA have been approved by Council, in view of expanding the objectives and creating one organization which would combine the IAA and the IFAA. A Provisional

Executive Committee was formed, presided over by A. Lamens and comprising:

- Martin Balleer
- Roger Corley
- Yves Couturier
- Yves Guérard
- Peter Kuys
- Jim MacGinnitie

Their task was to develop and finalize the proposals for change.

Considerable work has been achieved by this committee in its five meetings:

- in Brussels, on September 28, 1996
- in Cologne, on January 10, 1997
- in Amsterdam, on April 24, 1997
- in Paris, on July 7, 1997
- and yesterday, in Brussels, September 26, 1997.

Between each of these meetings, successive versions of notes, objectives and structures were established and circulated for discussion to a broad panel of actuaries sufficiently representative of the profession.

Thanks to the very direct, yet always constructive, input from these actuaries, the note entitled, “Proposals for Reorganization - 8th draft” was sent to members of the Council on July 21, 1997 in English, and on July 24, 1997 in French.

The main obstacle for the Provisional Executive Committee was that of maintaining a dual structure of Member Associations and Individual Members.

In the 8th draft that was distributed to you, this duality was maintained in terms of the level of membership in the IAA and of activities (Scientific Section). It was not maintained at the decision-making level or for voting rights, which were assigned exclusively to Member Associations.

The aim is to present the proposed new IAA Statutes to the IAA Council which will meet in Birmingham on June 6, 1998. This will then be voted on by our members at their General Assembly a few days later, during the week of the Congress.

During the past year, the Secretary General took part in the Annual Convention in October 1996 in Orlando at the invitation of the U.S. Society of Actuaries.

In January 1997, he met with the Secretary General designate, Yves Guérard, in Belgium to discuss the details of the transfer of the Secretariat to Ottawa and, finally, had the chance to meet the President of the Actuarial Society of Actuaries of Hong Kong in Hong Kong.

The IAA membership at the end of the period under review was as follows:

- 6 921 ordinary members
- 142 donation members.

I would like to conclude this Secretary General's Report on a particularly positive note.

You will recall that, in 1995, we had to amortize the sum of 500 000 BEF representing an investment of the IAA assets in Confederation Life bonds. We thought that the possibility of recovering our investment was almost non-existent. However, this case, which claimed a large number of victims in Belgium, resulted in a Justice ruling initiated by a group of individual victims of the collapse of the Canadian insurer.

The Belgium bank which distributed Confederation Life bonds was sentenced for not providing its clients with sufficient information. The bank decided to compensate these individual victims.

Although we do not fall within this category, we have succeeded in assuring the rights of the IAA in recovering not only the invested capital, but also the non-paid interests and the premiums attached to this loan for a total of 642 460 BEF.

I would like to say that, during the nine years that I have been in charge of the Secretariat of our association, I have had the opportunity to experience both enriching and warm moments from both a professional and a personal point of view.

I have enjoyed having the exceptional opportunity to build very strong bonds with hundreds of my actuarial colleagues from around the world.

I would sincerely like to thank all those who have helped me in one way or another in carrying out my duties.

Thank you."

The Secretary General's Report was then approved and applauded, particularly in recognition of the work performed by W. Lenaerts during his nine years of service.

W. Lenaerts also presented the Treasurer's Report.

IAA AUDITED ACCOUNTS 1996-1997 TREASURER'S REPORT

"Dear Colleagues,

1996 – 1997 has been a year of transition for our Association in its restructure. The audited operating statement for 1996-1997 may be summarised as follows :

Revenue	BEF	%
Membership Fees	4 155 894	74.7
Interest (net)	638 633	11.5
Revaluation of portfolio	767 974	13.8
Total revenue	5 562 501	100
Expenses		
Secretariat	726 880	13.1
Publications	4 072 947	73.6
Council meeting 9/28/1996	736 609	13.3
Total expenses	5 536 436	100
Surplus	26 065	

Revenue increased by 34% going from 4 140 901 BEF in 1995-1996 to 5 562 501 BEF in 1997-1998, from all sources: membership fees, interest and revaluation of portfolio.

- Membership fees reached 4 155 894 BEF against 3 577 665 BEF in 1995-1996, a consequence of the increase of the ordinary membership fee from 500 BEF to 600 BEF and the slight improvement in the payments of the fees: 15% of the 1996-1997 membership fees were still unpaid on June 30 1997.
- Interest and revaluation of portfolio also increased significantly mainly due to the CONFEDERATION LIFE CY bonds which had been fully written off in 1995 and have been sold unexpectedly for 500 000 BEF with a 1994-1996 interest of 142 260 BEF, resulting in an unexpected revenue of 642 260 BEF.

Expenses increased by 40% from 3 946 647 BEF to 5 536 436 BEF. This strong increase is linked to two major factors:

- During the first seven months of the 1995-1996 fiscal year, the Secretariat and the Index preparation were carried out by the CGER at practically no cost to the association.

- In 1995-1996, the full cost of the annual Council meeting, which this year represents an amount of 736 609 BEF, was included in the Centenary Congress costs.
- It is important to once again draw attention to the cost of the publications. This year the IAA *Bulletin* and the *Index* represent 73.6% of the total IAA expenses, and the distribution cost is more than half of this cost. Actions are in process to reduce, and in the mid-term to eliminate, the distribution cost with the use of Internet and CD's. The cost of the preparation (and printing) could be reduced through the use of e-mail by the National Correspondents. This is currently at the testing stage.

As for the **balance sheet at June 30 1997**, it is worthwhile to mention an important change to the **International Fund**. This year, the fund has increased to 6 910 500 BEF from 2 685 685 BEF. This increase results from the consolidation of the deposits in US\$ (SOA –USA) and GB£ (IOA – UK) and their incorporation into the IAA Balance Sheet. It also results from the recording of Centenary Congress gifts to the fund.

Various changes have also affected the portfolio. The portfolio represented 12 411 914 BEF on June 30, 1997 against 12 298 327 on June 30 1996: a sale of SICAV funds for 653 384 BEF has been offset by the revaluation of some SICAV's for 266 971 BEF and the unexpected revaluation of Confederation Life Insurance Cy bonds which were, as mentioned above, written off in 1995 and later sold for 500 000 BEF."

AUDITED OPERATING STATEMENT 1996-1997

Revenue

Membership fees (1)	4 155 894
Interest (net)	638 633
Revaluation of portfolio (2)	767 974

TOTAL Revenue	5 562 501
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Expenses

Secretariat (3)	726 880
Publications (4)	4 072 947
Council meeting (9/28/1996) (5)	

TOTAL Expenses	5 536 436
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Surplus	26 065
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(1) Payments received in 1996-1997

(2) Revaluation

Confederation Life Cy bonds	500 000
SICAV's	267 974

Total	767 974
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(3) This includes

Secretariat fees	274 428
Support fees to PEC	220 946
1991-1997 International	
Fund account fees	122 573
Office, telecom, postage and bank fees	108 933

Total	726 880
--------------	----------------

(4) This includes

Bulletin IAA - 24 (64p - 6833 copies)	798 277
Bulletin IAA - 25 (84p - 7200 copies)	703 253
Index IAA 1996-1997	
(144p - 7200 copies)	2 571 417

Total	4 072 947
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(5) This includes

Organisation, report and translation fees	214 836
Internet study	71 390
Room, interpreters, equipment	101 585
Dinner	293 700
Office, postage, telecom, other expenses	55 098

Total	736 609
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Note: most of the expenses include a 21% VAT

AUDITED BALANCE SHEET AS AT JUNE 30 1997

ASSETS

Banks	2 083 343
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Deposits

Saving account	74 549
US\$ deposit (SOA - USA)	2 605 561
GB£ deposit (IOA - UK)	1 461 984

Total	4 142 094
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Receivables and prepaid

Due by ASTIN	400 299
Other receivables	376 365
Prepaid	96 036

Total	872 700
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Portfolio (1)	12 411 914
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TOTAL ASSETS	19 510 051
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LIABILITIES

Debts	
Suppliers	4 123 313
Due to the International Fund	6 910 506
Due to AFIR	155 900
Carry forward	143 500

Total	11 333 219
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Own Funds	
Prior Years	5 634 614
Reserve Congress	3 149 466
Prior year adjustment	(633313)
1996 - 1997 result	26065

Total own funds	8 176 832
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TOTAL LIABILITIES	19 510 051
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(1) Portfolio particulars	
Belgian State 1995-2002 - 8% (BEF)	4 000 000
Belgian State 1995-2004 - 5.10% (BEF)	3 000 000)
160 ES Panelfund - SICAV's (ECU'S)	1 758 560
19 Shortfund capital - SICAV's (LUF)	3 153 354
Confederation Life Insurance Cy	500 000
Subord. loan 1993-2000	

Total Portfolio	12 411 914
------------------------	-------------------

The report was applauded and the floor was opened for discussion by the President. M. Murray asked if the 15% uncollected dues were included in the revenue to which A. Poncelet responded they were not.

D. Wilkie then raised the question of reducing the expenses for the 1997-1998 *Index*. A. Lamens responded that this point was not on the agenda because Y. Guérard's proposal was received late yesterday. The three options proposed by Y. Guérard would be discussed in his presence. "I can already tell you," said the President, "that the plan is to have the 1997-1998 *Index* on the Internet to reduce costs."

The Treasurer's Report was unanimously approved and the next point was discussed.

NEW INDIVIDUAL MEMBERS

The focus was then on the new individual candidates. With the support of their national correspondents, they were unanimously accepted.

NEW DONATION MEMBERS A

The membership of three new Donation Members A, actuarial associations, was then ratified: Singapore, Poland and Slovakia. A. Lamens and M. Lacroix were delighted with the addition of associations from Central and Eastern Europe. Associations are also being created in Lithuania and Malaysia. H. Bühlmann highlighted the role of these associations in these regions of the world as they all participated in local training programs for actuaries.

The fourth candidate, the Consejo Profesional de Ciencias Económicas de la Capital Federal (Buenos Aires-Argentina) was discussed in 1996.

The President explained, "We were not able to accept this application because actuaries comprised less than 3% of the total number of members of the Consejo. In October 1996, I wrote to the President of the Consejo telling him that the IAA Council was unanimous against accepting the candidature for the reasons outlined above. However, with some effort, a satisfactory solution could be found and that C. Daykin, the Chairman of the IFAA, could be of assistance in this regard.

Chris did make contact with the Consejo and suggested that a section be created within the Consejo exclusively for registered members who were actuaries and who wished to belong. Chris informed me by letter that the IFAA Accreditation Subcommittee of August 17, 1997, had examined this new application to the IAA and the IFAA in terms of it being a Committee of Professional Actuarial Activities and that it considered it as responding well to the criteria of the IAA and the IFAA. Upon approval by the IAA as Donating Member A, the IFAA was ready to accept the new Committee as an Observer Member. In order to become a Full Member of the IFAA, the Committee would, of course, have to satisfy the requirements concerning the code of conduct and discipline."

A. Lamens concluded by suggesting that the application could be accepted by Council as a Donating Member A, not as a Consejo, but rather as a Section or Committee of Professional Actuarial Activities.

In the ensuing discussion, comments were made by F. Arias, W. Rugland and A. Guldberg. F. Arias indicated that a similar solution was working quite well in Catalunya. W. Rugland confirmed that, according to him, the proposal would be acceptable to both the IAA and the IFAA.

M. Lacroix, M. Balleer and H. Bühlmann expressed their support for the various applicants.

The President confirmed that all applications were accepted by the IAA Council.

CHANGES IN THE COMPOSITION OF THE IAA COUNCIL

A. Lamens welcomed the new delegates to the Council.

COUNTRIES	INDEX 1996-1997	CHANGES
SOUTH AFRICA	M. J. LEVETT D. K. SMITH	A. R. MUNRO S. HANDLER
CANADA	K. VON SCHILLING	H. H. PANJER Y. GUÉRARD
JAPAN	K. KOBAYASHI	N. NONOGUCHI
UNITED KINGDOM	L. J. MARTIN	P. N. S. CLARK

RENEWAL OF TERMS

The following terms were renewed:

R. J. ATFIELD	AUSTRALIA
A. VEGAS MONTANER	SPAIN
A.D. AFFLECK - Ch. GREELEY - C.E. HUNTINGTON	UNITED STATES OF AMERICA
Y. COUTURIER	FRANCE
J. M. GARCIA	PORTUGAL

ELECTION OF THE PRESIDENT AND OF THE SECRETARY GENERAL-TREASURER

R. Corley took the floor. "It is a privilege for the Vice-President representing the U.K. to propose candidates to the positions of President, Secretary General and Treasurer of the IAA. I would like to claim such a privilege today. First, for the position of President. I am aware of the enormous work accomplished by our current President, particularly during this year that was dedicated to preparing the IAA for the next century. This will be for me the last time that I will have the opportunity of presenting A. Lamens for Presidency."

The audience applauded enthusiastically. R. Corley continued: "It saddens me to be unable to propose W. Lenaerts to the position of Secretary General as I have done in the past two years. You all know the reasons for this. I think that Willy has devoted a great amount of time into this work. I would like to thank him for doing so before presenting Y. Guérard as candidate to replace him as Secretary General and Treasurer until the next Council meeting in June 1998."

The audience applauded. A. Lamens then took the floor to thank R. Corley and make two comments. "First of all, I have been a direct witness to the exceptional work accomplished by Willy in the past nine years. I will not say more at this time because we will have the opportunity to honor Willy tonight.

My second comment concerns the work accomplished this past year by the Provisional Executive Committee. Let us not forget that this was a great help in assuring the success of our restructure. I would like to thank each of its members."

The election proposed by the British representative was immediately welcomed by a wave of applause. A. Lamens was appointed President and Y. Guérard, Secretary General-Treasurer, both until the next meeting of Council in Birmingham.

THE 1998 IAA CONGRESS IN BIRMINGHAM

After informing participants of Y. Guérard's airplane adventures which "left him somewhere in the world," A. Lamens introduced H. Scurfield, D. Wilkie and D. Ferguson to comment on the report presented by the Organisation Committee. The report is attached.

H. Scurfield first highlighted the fact that *Bulletin* no. 3 containing the final registration voucher was sent to all those who were provisionally registered (this bulletin is available at the London head office). The representative of the Organisation Committee hopes to reach the same number of participants as at the last Congress in Brussels in 1995 (on the basis of the 1,400 participants provisionally

registered to date). Moreover, H. Scurfield reminded the audience that only sixteen European countries to date had more than 20 registrants, entitling them to one representative.

In order to benefit from a discount and from a room in a hotel as close as possible to the Congress venue, participants were strongly advised to register before December 1, 1997.

H. Scurfield mentioned once again, as he had in the no. 2 issue of the *Bulletin*, that the Organisation Committee had five funds available for grants to those participants coming to the Congress from Central and Eastern Europe or from developing countries. At this level, promotional work was limited in order that the volume of requests for help not exceed the amount of funds available. M. Lacroix, delegate of the Promotion and Education Fund of the IAA, took this opportunity to thank the organizers of the last Congress in Brussels as well as the associations which, during the Congress in Brussels, made several donations to the International Fund. H. Scurfield took this opportunity to ask participants from Council to encourage those requesting potential assistance to express themselves.

With respect to the scientific program for the next Congress, D. Wilkie indicated that, to date, he had received about 20 presentations and six national reports. He was expecting other proposals and reports in the near future. The deadline for submission was postponed to December 1997.

Attendees were given a humorous and enthusiastic presentation promoting the Birmingham Congress. Exciting times await those who attend the Congress in “the city furthest away from the fine sands and the exotism of the sea.” D. Ferguson highlighted the illustrious Convention Hall that will house the plenary sessions of the Congress, and the most beautiful British manor that will play host for what should be a “special day” with spouses, children and “politically correct” acquaintances. A slide show and script was presented to representatives of national organizations who wish to present it locally to promote the Congress. Organizers thanked those who would support the Congress on their own initiative.

Another initiative of the British organizers was the development of a questionnaire designed to better identify the expectations of the participants to such a Congress. This would allow future Congress organizers to be even more efficient in their planning (such as for the upcoming congress in Cancun, Mexico, planned for March 2002).

THE 2002 CONGRESS IN MEXICO

The 2002 Congress will take place in March in Cancun, Mexico, as previously announced. Preparations are well

underway. A draft of the English regulations has been sent to the Secretariat for translation. This draft, similar to the regulations of the Birmingham Congress, will be submitted to Council, as per the usual timing, on the occasion of the Birmingham Congress.

THE 2006 CONGRESS

The joint proposal from F. Arias (representing the Council of Catalunya), and J. Berthon (representing the French Associations) to merge the bids from Barcelona and Paris for the 2004 and 2006 Congresses triggered an animated debate. Barcelona, capable of accommodating 10,000 visitors, would be the welcoming site for the pre-Congress week with its ASTIN and AFIR colloquia, among others. The following week, Paris would host the Congress. Such a proposal demonstrates a positive spirit of cooperation on the part of both host sites. It, nevertheless, raises two questions on which, according to several participants, members may be surveyed:

- F. Arias, concerned with the comfort of all, wondered whether organizing two European sites for the pre-Congress and the Congress would be acceptable for all. In this case, the views of European members could differ greatly from those of members from other continents.
- A. Guldberg believes that it would be preferable to spread the weeks of the pre-Congress and the Congress into two different times of the year to avoid being absent from work for two weeks. Other than problems at work, this absenteeism could cause problems for spouses and children. Moreover, each one of these weeks is generally fully booked. Apart from the scheduled meetings, there are a range of informal meetings and gatherings among participants.

Jean Berthon confirmed that F. Arias' presentation conformed to the agreement between the Association Française, the Catalunya Col.legi of Actuaries and the Spanish Association. He reiterated that the Association Française had submitted its candidature verbally to Council for the 2006 Congress back in 1994, and in writing in 1995. He clarified that it was up to ASTIN and AFIR to show their interest and agreement with the proposed schedule.

Before the break, D. Wilkie added that this year's British experience (pre-Congress and the Congress in Great Britain during two non-consecutive weeks) would bring interesting lessons to reflect on.

After the break, the President reminded participants that, following the Bühlmann report approved during the September 1997 Council meeting, the Provisional Executive Committee (PEC) was appointed to prepare a report on the

reorganization of the IAA in order that the decisions regarding the reorganization, the new bylaws and internal regulations be made at the Council meeting of the General Assembly at the Congress in Birmingham in June 1998.

“Today we expect to have a thorough and detailed discussion of all possible points of view. The PEC met again last night and modified somewhat the document that was sent to you before this meeting.

The document which you have in your hands this morning already includes the PEC’s modifications of last night. Thanks to Peter and Roger, this miracle was made possible. I wish to thank them in your name as well as all the members of the PEC for all the work they did last year. Peter and Roger, you have the floor.”

The text of this report is not reproduced in these minutes because it was sent to all members in November 1997 under the title, Report to the Members.

After the discussion, the President confirmed that there would be three meetings in June: the Council meeting, the General Assembly of the present IAA, and the Council meeting of the new IAA.

All information pertaining to the decisions, such as the bylaws, the internal regulations and the transitional measures will be sent to all current IAA members, individuals and Donation Members A.

In principle, it will not be necessary to participate in the Birmingham Congress in order to participate in the Council meeting and the General Assembly of the present IAA or the Council meeting of the new IAA.

The Provisional Executive Committee would begin that evening incorporating the comments and questions raised during the meeting. It would meet again in February 1998. A. Lamens proposed that the PEC continue with the same group to ensure continuity. He continued, “We should, however, enlarge the team. I propose that J. Berthon join forces, firstly because there is a lot of work to be done and Jean is a great worker, and also because the PEC, in its role as a Provisional Nomination Committee, will propose J. Berthon as the future President of the IAA. This will be decided at the Council meeting in Birmingham.”

Speaking of « simple mathematical concepts », H. Bühlmann, honorary member of the Council, supported the nomination of Jean Berthon to the presidency. “He meets perfectly the criteria proposed by M. Lacroix this morning. He will be particularly capable “to create feelings of mutual esteem in terms of respect of the rules of the profession among the IAA members. In addition, he knows many languages. Other than French, I have heard him speak English, German, Italian,

Spanish, and maybe even Japanese. Who knows? He belongs to the world of academia; he is a builder of bridges and, last but not least, he will be able to devote over half of his time to this new function.”

A. Lamens reminded those present that J. Berthon was an official candidate. He thanked H. Bühlmann for his support and added that “J. Berthon is the Deputy Chairman of the IFAA. He has already been chosen by a large number of actuarial associations. Once again, I am not asking for a decision on this question at this time.”

The question of the duration of the term of presidency was raised again and the President proposed an indicative vote (not a decision) by a show of hands. The result was 18 in favor of a mandate of a one-year term, and 21 in favor of a two-year term.

At the suggestion of the President, the assembly agreed not to discuss the reports of ASTIN, AFIR, IAIS, IFAA and of the International Fund, but rather to publish them in this report.

Meeting dates for the IFAA Committee are as follows: Cyprus, next January 29-30, United Kingdom (location undetermined but probably close to Birmingham), next June 5.

Following, probably as the Council meeting of the IAA, Cape Town (South Africa), November 2-3, 1998, Madrid, April 1999 and Tokyo, August 29, 1999. To be confirmed by the Secretariat of the new IAA.

ASTIN:

- Glasgow (Scotland): October 7 or 10, 1998,
- Tokyo: August 22-25, 1999,
- Then with AFIR, at the Costa Esmeralda (Italy): September 17-20, 2000.

For AFIR:

- Cambridge (United Kingdom): September 15-17, 1999 at the same time as the British Investment Group’s Convention.

A. Guldberg, a Scandinavian participant, highlighted once again the cost of travel and asked for a study on the possibility of video-conferencing. “This would allow for a higher number of participants at our meetings,” he said. In Australia, audio-conferencing was used rather than video-conferencing. It was received with mixed reviews due to the quality of communications. It was far from being perfect as C. Prime confirmed. On the other hand, the cost of video-conferencing remains high. The Secretariat should seriously study the feasibility and the cost of this new technology. M. Lacroix

pointed out that the European Community had been successfully using these techniques for at least 20 years now. They use rooms equipped especially for this purpose and the results are generally good.

Brief news from J. Lemaire: circulation of the ASTIN Bulletin had, for the first time, exceeded 3 000 copies.

The ASTIN and AFIR representative for this meeting drew attention to the AFIR report which proposes to honor F. Delavenne, who recently resigned from his duties as the President of AFIR. This could be carried out at the IAA Council meeting during the Birmingham Congress where a special award could be presented. The President noted that F. Delavenne was one of the originators of AFIR which he launched, developed and directed for many years. The Council approved that special recognition take place at the next Council meeting.

In closing the meeting, the President expressed special thanks to the assembly for «its patience, the high level of participation, its resistance and the richness of the debates. Quite frankly, said A. Lamens, I couldn't have expected more and better. We are now well prepared to be on time for our reorganization at the Birmingham Congress in June 1998. I would like to thank you from the bottom of my heart.»

IFAA REPORT

- I. Since the last meeting of the IAA Council, the IFAA Committee has met twice: April 25, 1997 in the Netherlands and August 17, 1997 in Australia.
- II. Scheduled meetings:
 - January 29-30, 1998: Paphos, Cyprus
 - June 5, 1998: UK
 - November 2-3, 1998: Cape Town, South Africa
 - April 1999: Madrid, Spain
 - August 29, 1999: Tokyo, Japan
- III. New leadership was elected by the Committee in August.

Willem Meijer announced he will be unable to serve as Chairman; he had been elected Deputy Chairman a year ago.
Walter Rugland was elected Chairman.
Jean Berthon was elected Deputy Chairman.
Chris Daykin was elected Past Chairman.

These three serve as members of the IFAA Committee without being delegates of member associations. Paul McCrossan was applauded for his service as an IFAA leader. His term as Past Chairman ended.
- IV. During the year the Rules were modified to include, as members of the Committee, individuals who serve as chairmen of IFAA subcommittees. This also resulted in a change of the Rule which required subcommittee chairmen to be delegates to the Committee. Also, the Rules have been modified to streamline subcommittee appointments.
- V. At the April meeting, the Guidelines for Making Public Statements were agreed to. These appear to be working satisfactorily.
- VI. The IFAA's Nomination Subcommittee has established guidelines to use in selecting nominees for leadership as well as subcommittee positions. These will be subject to ratification at the next meeting of the IFAA Committee. They address diversity and access.
- VII. An IFAA subcommittee has been addressing the articulation of an actuarial syllabus, which can be a basis for actuarial qualification in the future among member organizations. It will report a recommended approach in June 1998.
- VIII. The IFAA has undertaken direct consultation with the International Accounting Standards Committee (IASC) and its steering committees, which are working on reporting pension obligations and reporting methods for financial institutions, including insurance companies. The IASC initiative is responsive to a demand from the International Organization of Securities Commissions, whose members regulate major stock exchanges throughout the world. Our involvement is timely; it is not harmonious.
- IX. Chris Daykin and I presented the concept behind the IFAA to the International Association of Insurance Supervisors (IAIS) last month. I believe it was well received; we have been invited to establish a working relationship with the Technical Committee of the IAIS.
- X. The IFAA's membership of Full and Associate Members is now approaching 50 associations. The commitments to strengthening professionalism, which many associations have made, are being monitored and are being fulfilled.
- XI. During the last year, at every opportunity, the IFAA has reinforced its fundamental principal that it is an association of associations where every member association has the opportunity to participate and have a voice. Every Full and Associate member association has a delegate to the Committee, and is informed of the establishment of a new subcommittee to which it

can delegate a representative. Actions can only be taken by the Committee, in actual meetings or by electronic or mail/fax vote. This process has presented challenges, but has been managed well and works. Efforts are underway to make it less costly and easier with the use of the Internet and related e-mail as well as providing teleconference facilities for individuals unable to attend face-to-face meetings of subcommittees.

XII. I am personally gratified by the success of the IFAA. Through the IFAA, we have created a worldwide organization of actuaries who will soon point to a common base for professionalism and all that this means.

We will post this report on the IFAA Web Site.

Thank you.

Walter S. Rugland
Chairman, IFAA

AFIR SECTION REPORT

Membership and Scope of Activities

Over the last few years, the worldwide membership of AFIR seems to have stabilized at approximately 2000. The primary purpose of AFIR as a section of the IAA continues to be the holding of annual colloquia to discuss scientific papers on the matters of investment and finance. These annual colloquia have been very successful and have served a valuable purpose of creating a global network of academic and business actuaries who are involved in the fields of investment and finance or who are merely interested in these subjects. We do not anticipate any need for a fundamental change in the charter of AFIR.

A key issue for AFIR is whether to hold a colloquium in the year of an International Congress of Actuaries (ICA). We recognize that the IAA strongly prefers that AFIR not convene a colloquium in the year of an ICA. We understand this issue to be essentially a matter of competition, both as to the number of attendees and the number and quality of scientific papers desired for an ICA. However, the success of the annual AFIR colloquia as a global networking forum for actuaries has driven the desire and need to hold a colloquium every year. No colloquium was held in 1992 when the ICA was held in Montreal. However, a colloquium was held in Brussels in 1995 during the end of the week immediately preceding the ICA, and a colloquium is scheduled in 1998 at a time (mid-September) not at all associated with the ICA (early June). The AFIR Council will study this issue carefully before making a decision regarding 2002 when the ICA will take place in Mexico.

Finances

Given the limited scope of its activities, the financial position of AFIR is very sound. Currently, our unaudited financial statements show an excess of assets over outstanding obligations in the approximate amount of BEF 2,500,000. Our funds are used primarily for the costs of printing and distributing various materials to members. With few exceptions, the host country for each AFIR Colloquium is responsible for the entire finances of operating the colloquium that it hosts. Beginning with the 1994 Colloquium in Orlando, we have mailed to each AFIR member, not only those attending the colloquium, a summary of the published papers. This summary includes the titles and abstracts of all the published papers, together with the regular mail address, phone and fax numbers, and e-mail address of each author. The distribution costs of these materials have been covered by general AFIR funds. At the AFIR Colloquia in Brussels (1995) and Cairns (1997), prizes were offered for the top three papers. The costs of these prizes have been borne directly by general AFIR funds.

A challenge faced by the organizing committee of each AFIR Colloquium is how to encourage the participation of academics, both students and faculty members. People in academia seldom have the same financial support for attending conferences that people engaged in a commercial endeavor enjoy. Various reductions in registration fees and full or partial subsidization of travel expenses have been attempted as a means to encourage academic participation, particularly for students. These measures have brought about at least modest success, but pose a significant financing challenge to the host country, only a small part of which has been met by general AFIR funds. Under the direction of Alf Guldberg (Sweden), the new Secretary of AFIR, a small group of AFIR Council members will study this issue and make recommendations that may include changes in how AFIR funds are sourced and utilized.

The Cairns Colloquium

A highly successful AFIR Colloquium was held in Cairns from August 13-15, 1997. This was the first time that an AFIR Colloquium was convened at the same time and place as an ASTIN Colloquium. The ASTIN Colloquium was held from August 11-13, 1997. The middle day of the week-long event, August 13, was devoted to a joint session of AFIR and ASTIN and featured papers, both invited and submitted, that were of interest to non-life, investment, and financial actuaries. It seemed to be a nearly unanimous view that this "experiment" of a joint AFIR/ASTIN session was a huge success. The Japanese, who are hosting both the AFIR and ASTIN Colloquia in Tokyo in 1999, are planning to use a similar format.

The gala dinner was held on the evening of the day of the joint session. This made it a true “closing” event for ASTIN and a sort of “mid-stream” event for AFIR. It was a truly memorable occasion for all attendees because it featured the award and presentation of a gold medal by the Institute of Actuaries of Australia to Gregory Taylor on the occasion of the Institute’s Centenary. There were many tributes to Professor Taylor’s career of outstanding actuarial achievements in both academic and business settings.

Continuing the inaugural practice of the Belgians to award prizes for the best papers, the Australians distinguished the following papers:

First Prize: Regime Switching Vector Autoregression: A Bayesian Markov Chain Monte Carlo Approach, by G.R. Harris

Second Prize: Equity-Linked Life Insurance in Germany: Quantifying the Risk of Additional Policy Reserves, by D.J.F. Nonnenmacher and J. Russ

Applications of Scrambled Low Discrepancy Sequences to Exotic Options, by K.S. Tan and P. Boyle

Special Recognition

During his remarks at the opening of the joint AFIR/ASTIN session on August 13, 1997, James Tilley commended François Delavenne for his long service to AFIR. François Delavenne was instrumental in forming the AFIR section of the IAA, in nurturing the young section during its early years, in hosting the inaugural AFIR Colloquium in Paris in April 1990, and in leading AFIR as its president until his resignation in June 1997. James Tilley sent a special letter of recognition and gratitude to François at the termination of the AFIR Colloquium. In that letter, Dr. Tilley suggested that Mr. Delavenne’s record be given special recognition in a public ceremony at the 1998 ICA, during which a special award would be made. The AFIR section would like to hear the views of the IAA Council on that proposal.

The Future of the IAA

The written materials describing the reorganization recommendations of the Provisional Executive Committee (PEC) have been distributed to each member of the AFIR Council. However, only a few AFIR Council members have yet had an opportunity to communicate their views to me on the proposed reorganization of the IAA. At the August 15th Council meeting in Cairns, we had a brief discussion on the PEC’s proposals.

In general, there is support for the general direction proposed by the PEC. Our principal concern is that the position and

stature of AFIR within the reorganized IAA would be reduced over time to that of a mere subcommittee of the proposed Scientific & Individual Members’ Interest Committee (SIMIC). There is comfort with the concept that SIMIC would be the body within the reorganized IAA that would provide administrative and executive support to AFIR and other autonomous sections. Yet, we want to make sure that AFIR is represented **directly** on the IAA Council, exactly as is the situation currently. Furthermore, within the reorganized IAA, the AFIR Council wants to preserve the kind of “autonomy” that AFIR enjoys currently regarding its ability to organize annual colloquia and to deal with its own financial matters. We see future opportunities of “scale” for AFIR that a reorganized and revitalized IAA could bring over time.

In summary, while the AFIR Council has not had sufficient time to critique the PEC’s proposals in detail, it is fair to say that there is high-level support for the general direction that the PEC has outlined. Subject to the conditions stated in the immediately preceding paragraph, I, as President of AFIR, support the PEC’s reorganization proposal.

Respectfully submitted,

James A. Tilley
President, AFIR

Report of the delegation of the ISSA

As Chairman of the Permanent Committee for Statistical, Actuarial and Financial Studies, the International Social Security Association (ISSA), I have pleasure in presenting the report of the ISSA delegation to the IAA Council.

A most successful International Conference of Social Security Actuaries and Statisticians took place in Prague, Czech Republic on 2-4 June 1997. Working groups established after the previous year’s seminar in Balatonfüred, Hungary presented reports on methods of financing social security, investment of social security funds and actuarial application of health care statistics. There was also a good discussion on the need for an international standard of practice for social security actuaries.

Training activities were arranged in English (for actuarial technicians and trainee social security actuaries – in Nairobi) and in English and Spanish (for social security actuaries in Belize). A training course in French for actuarial technicians is taking place this autumn.

It is hoped to establish a joint working group of the ISSA and the International Forum of Actuarial Associations (IFAA) to consider the development of a standard of practice for social security actuaries.

**REPORT ON 26th INTERNATIONAL
CONGRESS OF ACTUARIES
7-12 JUNE 1998, BIRMINGHAM, UK**

IAA

Arrangements have been made for the usual meeting of the Council of the IAA on Saturday, June 6 which will be followed by a dinner for members and their wives.

Hugh Scurfield, Chairman 1998 Congress Committee

Registration

At the end of July 1997, the following provisional registrations were received:

Actuaries:	1313	Papers:	249
Partners:	820	Poster Displays:	59
Children:	194	PC Demonstrations:	68
Pre & post Congress		National Reports:	38
Tours (adults):	487		

Historically, the number of provisional registrations has always been higher than the number of actual registrations. Although it is difficult to estimate final attendance figures, we are hopeful that between 1000 and 1100 actuaries will be in Birmingham.

Bulletin Three, which solicits actual registration, was issued in August 1997 and, by the date of this meeting, it should have reached all those who registered provisionally. **If you have not yet received your copy of Bulletin Three, or if you know of anyone who has not yet received theirs, please contact the Secretariat of the Institute in London.** Registration is due now; early bookings for hotels and tours receive preferential treatment and a discount is offered to those who register before December 1, 1997.

Scientific Programme

The early response to the scientific programme has been very good and we expect a busy and stimulating week which, because of the many simultaneous meetings, should be relevant and interesting to everyone. More than 40 sessions will be taking place and we shall be trying to ensure that each is chaired by someone who has a particular interest in that subject. **To enable us to plan well in advance, it would be very helpful if each country eligible to provide a Congress Vice-President and Secretary would advise us early of their nominations, indicating their special actuarial interests.**

Review

A small International Review Committee has been established to prepare a questionnaire on all facets of the 1998 Congress, to be completed by all delegates at the Birmingham Congress. Its purpose is to seek the views of delegates on the extent to which they found the Congress useful and on what improvements they would like to see at future events. A draft questionnaire was agreed to with our colleagues organising the Mexican Congress in 2002.

4. ACTUARIAL ASSISTANCE MAINTAINING A RECORD

An article contributed by the IFAA

1. Bulletin No. 27, V-1997 published an article entitled *Developing a Record*, a first contribution by the IFAA on advice and assistance activities within the actuarial profession worldwide. This second article, *Maintaining a Record*, reports on activities for the past year. Activities for prior years which did not appear in the March 1997 article are also included.
 2. The report has many uses, including the following :
 - Provide a clearer overview of the providers and recipients of assistance.
 - Suggest where duplication of effort can be avoided.
 - Facilitate cooperation among provider associations working with the same recipients so that the same resources can be put to better effect.
 - Help associations in need of assistance to identify providers who are likely to be the most effective partners in terms of proximity and previous experience.
 - Identify possible gaps in the provision of assistance.
 3. The information has come from various sources. Organizations whose advice and assistance activities are not reflected in this article are encouraged to provide this information to the IAA Secretariat in Ottawa for publication in the next issue of the April Bulletin.
 4. Details not apparent from Table 1 are as follows:
 - The Institute of Actuaries of Japan (IAJ) offers the ASEA (Actuarial Seminar of East Asia) for about one month every summer in Tokyo and Osaka for about twenty students from the East Asia region.
 - The IAJ is working with two Chinese universities to establish the IAJ's examination centers for the upcoming examinations in December 1998.
 - The IAA Fund provides scholarships for individuals from actuarially developing countries to attend summer schools, seminars, conferences and diploma courses. Countries assisted include Albania, Latvia, Lithuania, Russia and Ukraine. Three substantial scholarships were awarded, assisted by funding from Woodrow Milliman in memory of the late Sidney Benjamin, FIA, to a Russian (Boris Afanasiev) to study in London for a year, to a Chinese (Professor Yu Luo) to study in the USA for a year, and to an Estonian (Tarmu Koll) to study in London from October 1997 to May 1998.
- Institute of Actuaries examination centres not shown in Table 1:
*Barbados Botswana Ethiopia Kenya
Mauritius Nigeria*
 - Additional Society of Actuaries examination centres not shown in Table 1:
Colombia Greece Italy Kenya Nigeria
South Korea*
** temporary examination site set up according to candidate demand*
 - Additional Casualty Actuarial Society examination centre not shown in Table 1:
Lebanon
 - The Institute and Faculty of Actuaries in the UK offer special facilities to members in all low-income countries. These include reduced joining fees, annual subscription fees and examination fees; free access to core reading material; tuition material at reduced rates.
 - The UK also offers to new actuarial associations and to universities setting up actuarial education programs in countries where the profession is new or undergoing rejuvenation, the following: free library membership; a free set of core reading material; textbooks, journals and other actuarial items for newly established actuarial libraries.
 - The Institute of Actuaries has an agreement with the Central University of Finance and Economics in Beijing to provide lecturers, tuition materials and examinations in cooperation with the Eagle Star Insurance Group. Plans are under consideration to extend support, and introduce examination centres, elsewhere in China, starting with the Shanghai University of Finance and Economics (SUFE).

- Bursaries have been provided for the IAA Congress in Birmingham. Funds have been donated by the Faculty and Institute of Actuaries Research Committee, Staple Inn Actuarial Society, Canadian Institute of Actuaries and the IAA Centenary Fund.
 - The Institute of Actuaries of Australia has been running an actuarial education program in Jakarta, Indonesia, supported by the Australian Government, corporate sponsors and by the IAA Fund.
 - The German Actuarial Association (DAV) organized a seminar on actuarial science for actuaries and others from Eastern European countries. Participation was high and the seminar, which is sponsored by the German government, with the assistance of the DAV, is to be repeated.
 - The IFAA and the Groupe Consultatif have begun exchanging information on a regular basis.
 - ASTIN has made a donation of 16 actuarial textbooks to 120 associations of actuaries and universities around the emerging world. The 16 books were selected by a panel of ASTIN experts. In the future, ASTIN is contemplating sponsoring educational seminars in emerging countries.
 - In January 1997, the SOA, in cooperation with the Education Subcommittee of the IFAA, made available on the SOA Website an International Continuing Education Calendar which enables every actuarial association to publicize its education meetings and enables anyone searching for a meeting on a particular topic or in a particular location to do so on the World Wide Web.
 - The Society of Actuaries (SOA) has a formal agreement with Nankai University, Tianjin, China (PRC) which includes sponsorship of a three-year graduate program. Students have access to faculty, receive their thesis supervision, receive textbooks and study notes at no cost, and pay no examination fee. In addition, the SOA sends a substantial amount of study material and other actuarially related documents to many locations in China.
 - In 1989 and 1993, the SOA designed topics, recruited speakers and coordinated the hosting of two Japanese delegations of 20-40 people to four North American cities.
 - In 1993, the SOA sent a collection of the *Transactions* to the Bangladesh Insurance Academy; in 1994, it sent ASA study notes to Bangladesh; and, in 1996, it sent exam catalogs, ASA study notes and Actuarial Mathematics to the University of Dhaka.
 - In 1994, the SOA sent its entire Fellowship exam material to the Siberian Actuarial Society.
 - In 1997, the SOA provided advice on starting an actuarial organization to Mr. Rotimi Okpaise, a Nigerian FIA and ASA.
4. Table 2, Professional Assistance, covers a variety of activities, all of which are linked by the professional theme. Examples are:
- assistance provided by a regional actuarial body (Groupe Consultatif) to a Commission representing a grouping of sovereign states (EU);
 - assistance provided by an actuarial association to its own national government or national regulatory authority;
 - assistance provided by an actuarial association to another government or its regulatory authority;
 - assistance provided by one or more actuarial associations to other actuarial associations on non-educational matters;
 - assistance provided to other professions or non-government organizations.

TABLE 1
EDUCATIONAL ASSISTANCE-1997

Recipients	Assisting Organizations							
	ASTIN	CAS	DAV	IAA Fund	IAAust	IAJ	SOA	UK
Albania	B			SA				SP
Argentina		SBP					E*	
Australia		E(1), R- CAS, W					E	
Austria		R-CAS, T						
Bahamas		E(1)					E	
Belarus		T					EI, SS	AD 2/98, CB
Belgium		R-CAS					E	E
Bermuda		E(1)					E	E
Brazil	B(5)	D, AC, R- CAS					E*	S, CB
Bulgaria	B(3)		SP	SA			EI	CB
Canada		E(16), R- CAS, W						
Caribbean							S	
Chile	B						E, SS	
China		D, E(1), T					S, D(2), E	
China (PRC)	B(10)			SA		SP	E(6), LP	E, LP, SA, V, CB
Croatia	B(2)		SP	SA				BAD 10/97/ 2/98, CB
Cyprus		E(1), R- CAS, T		SA			E*	OA, E
Czech Republic	B(4)	AC, T, SS	SP	SA				CB
Denmark		W						
Ecuador								CB
Egypt	B	T					E	OA, E
England		D, E(2), R- CAS, V, W					E	
Estonia	B	T					EI, SS	E, CB
Finland		R-CAS, T						
France		E(1)					E	
Georgia, Republic of	B							
Germany		R-CAS, T						
Ghana	B						E, SS	SA, E
Hong Kong	B	E (1)				SP	E, SS	E
Hungary	B(2)	T		SA				OA, TT 7/95
India	B(2)						E*	OA, V, E(6), LP
Indonesia		E(1)			LP, R, SS	SP	E, R, SS	E, CB
Iran							EI	OA, E
Ireland		D, R-CAS, T, V					E*	
Israel		E(1), R-CAS, T, W						

TABLE 1 – CONTINUED

Recipients	Assisting Organizations							
	ASTIN	CAS	DAV	IAA Fund	IAAust	IAJ	SOA	UK
Jamaica	B	E(1)					E	E
Japan		D, E(1), R-CAS, T, V					E*, R, SS	E
Korea	B(7)	E(1), T				SP	S	
Latvia	B	T	SP	SA				CB
Lithuania	B(3)	T	SP	SA			SS	AD 11/97 9/98, E, CB
Malaysia	B(3)	E(2), W				SP	E, EI, OA, SS	E
Mexico	B(5)	D, E(1), R-CAS, T, W					E(2), S(2), RG(1), OA	
Netherlands		E(1), R-CAS						
New Zealand		R-CAS, T						
Norway		E(1), R-CAS, T						
Pakistan		E(1)					E	V, E, CB
Philippines		R-CAS, T				SP	E	
Poland	B(5)	SS	SP	SA			EI, SS	S
Portugal		W						
Romania	B	E(1)		SA				OA, E, CB
Russian Federation	B(10)	SS, T	SP	SA			RG(2), EI, SS	AD 5/96, 9/96, 10/96, E, ISA 10/97, SA, SE, TT 3/98, BAD 11/97, CB
Scotland		E(1), R-CAS, T, W						
Serbia								OA
Singapore	B(2)	E(1), R-CAS, T				SP	E	E
Slovak Republic	B(2)		SP	SA				SE, CB
Slovenia	B	SS	SP					BAD 6/97
South Africa	B(3)	D, E(2), R-CAS, T, W					E(2)	E(4), CB
Spain		R-CAS					R	
Sri Lanka		E(1), SS, T					E*	E
Sweden		R-CAS, T						
Switzerland		E(1), R-CAS, T, W					E, R	
Taiwan (ROC)	B(4)	E(1), R-CAS				E, SP	E(2)	E
Thailand	B(2)					SP	E	E
Trinidad		E(1)					E	E
Turkey	B(3)			SA			SS	E
Ukraine	B(3)		SP	SA				AD 2/98
United Arab Emirates		E(1)					E*	
Uruguay	B(2)							
Venezuela	B						SS	
Zimbabwe		E(1)					E	E

Key		LP	Lecture program
AC	CAS Academic Correspondent (\$75 U.S. fee for academics to receive CAS publications)	OA	Organizational assistance for educational institutions
AD	Advanced Diploma Course (<i>mo./yr in which course started</i>)	R	Reciprocal exchange of Directory, Catalogues and “The Actuary”
B	Package of 16 texts to universities or educational institutions. (Figures represent numbers of institutions receiving)	R-CAS	Reciprocal exchange of <i>Yearbook, Newsletter</i> and Published Research Papers
BAD	Basic Actuarial Diploma Course (<i>mo./yr in which course started</i>)	RG	Research grant (<i>plus number awarded</i>)
CAS	Casualty Actuarial Society	S	Speaker for special event
CB	Congress Bursary	SA	Scholarship assistance
D	Hosted visiting delegation	SBP	CAS Subscriber Program (\$335 U.S. fee to receive CAS publications and meeting announcements)
DAV	German Actuarial Association	SE	Student employment assistance
E	Examination Centres (<i>digits show number of centres</i>)	SOA	Society of Actuaries
EI	Educational institution receiving associate study exam notes plus R documents	SP	Hosted seminar with participants from recipient countries shown
IAJ	Institute of Actuaries of Japan	SS	Substantial amount of study material sent
IS	Introductory Seminar on the Role of Actuaries in Insurance and Pensions	T	Sent <i>Foundations of Casualty Actuarial Science</i>
		TT	Training the trainers seminars
		UK	Institute and Faculty of Actuaries
		V	Visit to recipient organization
		W	Web Site linkage

TABLE 2

Recipient	Source and nature of assistance
Asia Committee	SOA In 1997, the SOA instituted the Asia Committee to promote the development of actuarial science in Asia and provide better service to its over 600 members there.
International Accounting Standards Committee	IFAA Communications on E54 (International Accounting Standard on Employee Benefits) have continued. Submissions have also been made on E55 (Impairment of Assets), E59 (Provisions, Contingent Liabilities and Contingent Assets) and the Discussion Paper on Financial Assets and Financial Liabilities. Group Consultatif: during 1997 and 1998: a) provided advice on the interpretation of “Actuarial Calculations” in the Third Life Insurance Directive b) responded to the Commission on the Solvency of Insurance Undertakings and provided general comments on the current EU solvency regime for insurance companies c) organised meetings with pension and insurance supervisory authorities (in particular in May 1998 to discuss impact of International Accounting Standards).
European Commission	The Institute and Faculty of Actuaries in the UK provided the following assistance:
China (PRC)	Supported actuarial seminars in Urumqi in September 1997 and in Beijing and Shanghai in January 1998.
Hungary	Provided information about practice standards to Federation of Mutual Funds.
Oman	Hosted a visit of the Director of Insurance at the Ministry of Commerce and Industry to discuss the supervision of insurance organizations.
Poland	Hosted a visit of officials from the State Insurance Supervisory Office (PUNU) for discussion at Staple Inn.
Romania	Hosted visit of actuary from Insurance Supervisory Authority
Russia	Provided materials on the regulation of Life Insurance and advice on establishing a mortality investigation. Also organised substantial programme of translation of actuarial materials into Russian, with financial assistance from the UK government’s Know How Fund.
Slovenia	Provided advice on development of actuarial association.

5. NEWS FROM ASTIN

ADVANCE NOTICE OF ELECTIONS

Notice is hereby given that, following the resignation of Dr. Harry Reid from the ASTIN Committee, a special election will be held during the General Assembly of the forthcoming ASTIN Colloquium, to be held in Glasgow in October. Candidates are invited to express their interest in becoming a

member of the ASTIN Committee by contacting the ASTIN Chairman, Mr. Edward Levay. Applications supported by national associations of actuaries will be given additional consideration.

6. RESEARCH IN PROGRESS

NORTH AMERICA

CASUALTY ACTUARIAL SOCIETY

1100 North Glebe Road, Suite 600
Arlington, VA 22201
Phone: (703) 276-3100
Fax: (703) 276-3108
Web Site: <http://www.casact.org>
E-mail: office@casact.org

CALL PAPER PROGRAMS. Annually the Casualty Actuarial Society conducts four to five call paper programs on various topics. The papers accepted by these programs are presented at a Society meeting or seminar and are published in the *Discussion Paper Program* or *Forum*. Current programs include:

1998 Discussion Program. Papers have been invited on “Dynamic Analysis of Pricing Decisions.” Accepted papers will be presented at the 1998 CAS Spring Meeting in Marco Island, Florida during May 17-20, 1998. The Michelbacher Prize of \$1,000 will be awarded to the author of the best paper.

1998 Committee on Reserves Call for Papers. The topic for this call paper program is “Best Estimate for Reserves.” Several authors will be invited to present their work at the 1998 Casualty Loss Reserve Seminar in Philadelphia, Pennsylvania during September 28-29, 1998. A prize of \$1,000 will be awarded to the author of the best paper.

1999 Ratemaking Call for Discussion Papers. Papers on any ratemaking topics are welcome, but papers are preferred which focus on the considerations listed in the CAS Statement of Principles Regarding Property and Casualty Insurance Ratemaking. These topics include “Environmental Exposures in Personal Lines Policies,” “Risk Securitization,” “Managed Care,” “Affordability/Availability,” and “Revisiting the Basics.” A few authors will be asked to present their papers at the 1999 Ratemaking Seminar in Nashville, Tennessee during March 11-12, 1999. A \$1,000 prize will be awarded to the author of the best paper.

1998 Dynamic Financial Analysis Call for Papers. The focus of this call is the specific Application of DFA Models to insurance. Specifically, each paper should

focus on a real life problem to be solved using DFA. The paper should highlight the question(s) being addressed by the analysis and can be in the form of a case study using real or hypothetical data. Authors may be invited to present their papers at the 1998 CAS DFA Seminar in Boston, Massachusetts during July 13-14, 1998. Prizes of up to \$10,000 will be awarded to the authors of the best papers.

REQUESTS FOR PROPOSALS. The Casualty Actuarial Society conducts various funded research projects. Research reports are published in the *Forum*. Active projects currently include:

“Aggregate Loss Distributions: Convolutions and Time Dependency,” sponsored by the Committee on Theory of Risk. The CAS wishes to enhance the development of tools and models that improve the accuracy of the estimation of aggregate loss distributions for blocks of insurance risks. Two awards have been made for separate research tasks under this topic.

ACTUARIAL EDUCATION AND RESEARCH FUND. The CAS jointly sponsors the research work of the AERF with other North American actuarial organizations.

PROCEEDINGS PAPERS. The CAS annually publishes refereed papers which are accepted by the Committee on Review of Papers in the CAS Proceedings. These papers may be on any property and casualty topic and accepted papers are presented by the authors at the CAS Spring or Annual Meetings. The 1996 Proceedings was published in October 1997 and the 13 research papers in this issue are on the CAS Web Site (<http://www.casact.org>).

SOCIETY OF ACTUARIES

RESEARCH HIGHLIGHTS

Listed below are highlights of recent Research Department activity, reflecting the status of activity in February 1998.

Keep in touch with research

An updated “Resources from Research” brochure was distributed to the membership with the January issue of *The Actuary*. Additional copies are available from the SOA’s Research Department. The brochure presents concise information about SOA research activity end products and how to obtain them.

Remember to check the SOA Web site for requests for proposals, calls for papers, research reports, and other research information. Comments about any SOA research activity can be directed to the Society's Research Department at 1-847-706-3500.

33rd ARC at Georgia State

The annual Actuarial Research Conference (ARC) provides an opportunity for academics and practitioners interested in actuarial science to meet and discuss actuarial problems and their solutions. The 33rd ARC will be held Thursday, August 6 through Saturday, August 8 at Georgia State University, Atlanta, Georgia.

Presentations on all topics of interest to actuaries are welcome. To accommodate scheduling, paper titles are due by June 1; final abstracts are due by July 1. Presentations will be published in the conference proceedings *Actuarial Research Clearing House* 1999.1.

For additional information, contact Hal Pedersen, Georgia State University Department of Risk Management and Insurance, P.O. Box 4036, Atlanta, GA 30302-4036 (telephone: 1-404-651-0962; fax: 1-404-651-4219 or e-mail: inshwp@panther.gsu.edu). Information about the conference is also available on the world wide web (<http://rmictr.gsu.edu/arc/arc1.htm>).

News from CKER

The Committee on Knowledge Extension Research (CKER) is currently reviewing eleven applications submitted to the 1997 Grants Competition for funding consideration. Awards will be announced in the June Research Corner.

Two papers resulting from CKER research grants appear in the April issue of the *North American Actuarial Journal (NAAJ)*, "Is Social Security a Regressive System?" by Robert L Brown and "An Actuarial Index of the Right-Tail Risk," by Shaun Wang. Vladimir Kalashnikov's paper, "Bounding and Asymptotic Behavior of Ruin Probabilities in Collective Risk Theory," has been accepted for publication in a future issue.

The Financial Markets Approach To Valuation Of Life Insurance Liabilities: Researcher Sam Cox (George State University, Atlanta, Georgia, U.S.) has submitted a first draft of his paper; it has been forwarded to the Project Oversight Group (POG) for review.

The 1996 Accidental Death Mortality Table: A Comprehensive Analysis of Recent Accidental Death Experience: The POG has reviewed the final draft of this paper. The SOA Communications Department is working with the researcher, Jay Jaffe (Actuarial Enterprises, Ltd.,

Highland Park, Illinois, U.S.) regarding editorial suggestions. The paper will then be forwarded to the CKER for final approval.

Valuation of Credit Line Commitments Subject to Credit Risk: Researcher Daniel Dufresne (University of Melbourne, Melbourne, Australia) has completed the first third of his project.

The Cost of Mismatch In Stochastic Interest Rate Models: Researcher Michel Jacques (Laval University, Québec City, Québec, Canada) has submitted the first draft report; it has been sent to the POG for review.

Generalized Cox, Ingersoll & Ross Model: Statistics and Valuation of Interest Rate Derivatives: Wojciech Szatczschneider (Anáhuac University, Lomas Anáhuac, Mexico) has submitted his first draft report; it will be reviewed by the POG.

Statistical Methods for Monitoring Health Care Process Measurements: Marjorie Rosenberg (University of Wisconsin, Madison, WI, U.S.) is making progress. The project is being jointly funded by the Committee on Knowledge Extension Research and the SoA Health Section.

Pricing Practices for Joint Last Survivor Insurance: Heekyung Youn (University of St. Thomas, Minneapolis, MN, U.S.) has submitted an interim report which will be reviewed by the POG.

Mathematical Models and Software For Financial Organizations At Risky Markets: Alexander Vasin (Moscow State University, Moscow, Russia) has signed a letter of agreement. The project is scheduled to be completed by September 30, 1998.

Tight Approximation of Basic Characteristics of Classical and Non-Classical Surplus Processes: Vladimir Kalashnikov (Moscow State University, Moscow, Russia) has submitted the first draft report; it will be reviewed by the POG. The project is expected to be completed by April 1, 1998.

Ed Lew Award: The Society of Actuaries Committee on Knowledge Extension Research has received 11 applications for the Edward A. Lew Award which is intended to be given annually for the best paper in modeling research. The deadline for submissions was December 31, 1997.

FINANCE NEWS

Monograph on Stochastic Calculus and Stochastic Differential Equations: A letter of agreement has been signed with X. Sheldon Lin, Associate Professor at the University of Iowa. The monograph is intended to introduce

practising actuaries and students to the rapidly expanding field of financial mathematics. The Investment Section is co-funding this project.

Actuarial Aspects of Currency Risks - Call For Papers:

Two papers were accepted by the review panel, a prize winner was selected. The papers are available from the SOA Books Department and in the Research Library of the SOA Website as working papers. Final publication will be in *NAAJ*.

Implications of Long-Term Interest Rate Guarantees in Pensions and Insurance:

The review panel decided to re-issue the call to generate interest in the broader finance community and to provide greater incentives to write papers. Up to four prizes of \$3,000 have been offered. A second call for papers was distributed in July 1997. An insert announcing the Call for Papers was included in the September 1997 issue of *The Actuary*. A full page advertisement appeared in the July/August issue of *Financial Analysts Journal*. Advertisements were also placed in the *American Economic Review*, *The Journal of Finance*, and the *Journal of Financial and Quantitative Analysis*. The deadline date for receipt of papers is March 31, 1998.

“Value at Risk” Measurement Application to Life Insurance:

The POG decided to expand the scope of the research to investigate integrated approaches to risk measurement in the financial services industry. A call for papers was released. Invited and accepted papers were presented at a conference on December 8 and 9, 1997 in Atlanta, Georgia. Approximately 85 persons attended the conference. Papers presented at the conference are available through the Books Department of the SOA. Tapes are available through Teach ‘Em by calling 1-800-225-3775. Selected papers will be published in a special upcoming issue of the *NAAJ*.

Study of the Use of Derivative Instruments by the Insurance Industry:

This project began with a proposal from Georgia State University requesting funding. Two research papers will be produced detailing the findings of this study. The POG has approved the first paper, which appeared in the first issue of the *NAAJ* in January 1997. A standing room only session on this topic was held at the SOA 1997 Annual Meeting in Orlando, Florida. The researchers have completed work on their second paper which was approved by the POG, CKER and the Committee on Finance Research. The second paper has been submitted to the *Journal of Risk and Insurance* for publication consideration.

Boundaries of Risk - Follow Up: A call for papers on the topic of “Expenses in Financial Analysis-Business and Regulatory Implications” was released. Three papers were

received in response to the call. The review process has been completed and feedback was provided to the authors of all papers submitted. One paper was accepted and awarded the prize. The paper is being revised to reflect comments received from the review panel. The Committee on Finance Research is working with the Financial Reporting and Product Development Sections to publish the paper.

Actuarial and Financial Modeling Conference II:

Planning activity is underway. The conference will be held on December 14 and 15, 1998 in Orlando, Florida. It is anticipated that acceptable papers submitted for the Ed Lew award in modeling research will be presented at the conference, the prize winning paper will be highlighted. Additional experts will be invited to write papers for the conference. The POG also wants to feature presentation and discussion of the Course 7 (Modeling Seminar) in the new SOA Exam System.

1986-94 Private Placement Study: A conference call is scheduled for March 3rd to discuss remaining data issues. A meeting is being held in Washington D.C. on April 1st to review composite data summaries and plan report production.

HEALTH BENEFIT SYSTEMS

Health Care Data Bases: Health actuaries looking for data should visit the National Health Information Resource Center (NHIRC) web site. The NHIRC is an on-line interactive resource (<http://www.nhirc.org>) for information about current health data/information projects and data bases. The National Association of Health Data Organizations (NAHDO) developed the NHIRC with funding from the Society of Actuaries and the Robert Woods Johnson Foundation.

Managed Care Symposium: The Committee on Health Benefit Systems Research is sponsoring a symposium entitled, “Managed Care in a Time of Transition” on May 4-5 at the Marquette Hotel, Minneapolis, MN. The day-and-a-half symposium will include presentations of the two Health Plan Employer Data and Information Set (HEDIS) studies and the Managed Care monograph.

Credibility for Health Coverages: The Credibility for Health Coverages Task Force met in Washington, D.C. in October 1997. Dennis Tolley and Jim Robinson presented analyses of data submitted by Len Koloms and Brett Gant, respectively. The task force agreed that the techniques presented were both practical and powerful. Tom Herzog volunteered to chair a subcommittee to develop a seminar to present these techniques to practising health actuaries. The seminar will focus on live examples, like the ones presented at the meeting. Chuck Fuhrer, chair of the Subcommittee on Estimating Parameters, presented a draft specification for

data collection. The subcommittee will refine this specification and coordinate with the Large Claims Experience Committee.

Large Claims Experience Study: A conference call was held at the beginning of February to discuss the follow-up to the initial study. The committee decided to form three subcommittees to draft three different data request letters. The three letters will target reinsurers and stop loss carriers, traditional indemnity carriers, and managed care organizations. A second conference call has been scheduled for March 3 to review the development of the data specifications and to discuss any issues that have arisen.

Individual Disability Follow Up Study: The committee met on September 23 to discuss the future of this study. It was decided that the study should be continued, but significant changes are required to reflect current products and product features. This work will begin after the 1986-91 report is completed.

Continuing Care Retirement Communities: A conference call was held on January 30 to review the work in progress. Another conference call is being scheduled for the end of March to further review the work in progress and to develop plans for further analyses.

LIFE INSURANCE UPDATE

The Committee on Life Insurance Research is assessing whether there is interest in holding a conference on non-mortality assumptions in social security. The Committee on Social Security – Retirement and Disability Income will discuss the feasibility of this project on February 26.

Actuarial Modeling: In phase one, the researchers analyzed the impact of economic factors on the performance of life insurers as a whole. Results of this analysis were presented at the Western Risk and Insurance Association Meeting in January 1998. In phase two, the researchers constructed a database of annual statement fields using NAIC tapes for the past twelve years with approximately 1,700 companies per year. They used the database to examine the impact of both firm specific and economic factors on the performance on individual life insurance companies. Robert Hoyt made a presentation of preliminary results in October 1997 at the SOA Annual Meeting in Washington, DC. The final report was submitted to the POG in November 1997.

Shape of Mortality Curve at the Higher Ages: This research proposal was discussed at the February 20, 1997 COLIFER Meeting. Very little insured data is available at ages over 90. General population and annuity data is available. Medicare part B records are now available. The UK has published data on lives tracked since 1832. A one-

and-one-half day symposium with invited papers from Social Security, NCHS, Statistics Canada, the Institute of Actuaries and the Scandinavian Actuarial Society should be held. COLIFER was supportive of this proposal. Results will be useful to close off mortality tables and for estate tax insurance and second-to-die policies. It will be useful to reinsurers who have traditionally had trouble pricing products for persons with large estates.

Preferred Underwriting Task Force: A meeting is being held on March 15 and 16 in Charleston, South Carolina to review the first draft of the report written by the task force members.

Mortality Guarantee in Variable Products Experience Study: Follow up after sending out the preliminary specifications in October. Currently, eleven companies have agreed to submit data during the second quarter of 1998. An official data request will be going out soon.

1985-90 Basic Tables: Work has been undertaken to investigate extending the select period beyond 15 years. Interim results were reviewed during a conference call on February 2. Further review will occur during a conference call in early March.

Individual Life 1990-91/1991-92/1992-93: Final data collection and validation is occurring. 1990-91 and 1991-92 preliminary reports are expected early in the third quarter. 1992-93 preliminary reports are expected by the end of the year.

Individual Life 1993-94/1994-95: Follow up has begun to obtain the data through 1995 by the first quarter of 1998 and most companies should be able to meet this time frame.

Blood Pressure Study: A conference call was held on January 30 to discuss data availability and to give direction to MIB for further company contact. Another conference call is scheduled for February 27 to discuss what MIB has found and plan for the March 30 MMLC meeting.

Preferred Underwriting Mortality Study: A conference call was held on September 30 and the subcommittee and pilot company representatives met at MIB on November 17 to discuss the data to be included in the study. MIB personnel have distributed draft revised life specifications reflecting these discussions. A meeting is being planned for late April/early May to review this draft and finalize these specifications.

RETIREMENT SYSTEMS NEWS

Safest Annuity Rule: The Committee on Retirement Systems Research has approved the final report for "Safest Annuity Rule" Study. The report is being submitted to TSA

Reports for publication. Advance copies of the report are available through the SOA Books Department.

Pension Plan Turnover Rate Table Construction: The Committee on Retirement Systems Research (CRSR) has approved the final report for the Turnover and Retirement Rates Study. The report is being submitted to *TSA Reports* for publication. Advance photocopies are now available from the SOA Books Department. A flier announcing the availability of this report was inserted in the December issue of *The Actuary* and the January issue of *Pension Section News*.

Asset Valuation Methods: The POG decided to expand the survey population to include pension actuaries who are not members of the Pension Section. The survey will be distributed to this expanded population in the near future.

Comparative Effects of Turnover (Turnover and Retirement Rates - Phase 3): The proposed final draft of the report, "A Benefit Value Comparison of a Cash Balance Plan With a Traditional Final Average Pay Defined Benefit Plan" has been submitted by Larry Sher and Steve Kopp. SOA staff have reformatted the report and circulated it to the Non-Mortality Decrements Task Force for approval.

Impact of Mortality Improvement on Social Security: The United States, Canada and Mexico: Phase 1 of the project concentrated on a study of past experience and an analysis of current literature on mortality improvement in Canada, Mexico, and the United States. Mountain View Research and representatives from the Canadian and U.S. Social Security administrations produced the Phase 1 papers. Phase 2, a seminar held on October 30, 1997, involved demographers, economists, medical researchers and actuaries in considering mortality forecasting methodologies, factors affecting mortality change and mortality assumptions for each of the three countries. The results of a survey of attendees of the session served as a basis for a preliminary Phase 3, a test of the impact of various mortality improvement assumptions on the financial status of social security. The results of the preliminary Phase 3 were presented during a February 17 session at the American Association for the Advancement of Science Meeting.

Group Annuity 1993-94: A final report should be ready for distribution during the first quarter of 1998 and is scheduled for publication in the 1997-98 Reports.

Group Annuity 1995-96: A meeting will be held in Chicago on April 17 to discuss developments with respect to this study and other issues relative to this committee.

SPECIAL ACTIVITY

Committee on Research Coordination: During a February 25 conference call, CoRC and its subcommittees started the process of implementing Research Effectiveness Task Force recommendations approved by the Board at the January 30 meeting.

Research Project Oversight Subcommittee: The subcommittee held a conference call on December 12, 1997 to revise budget allocations to reflect the research project budget that was approved by the Board at the October 19, 1997 meeting. The process of implementing Research Effectiveness Task Force recommendations approved by the Board at the January 30 meeting has started.

Experience Studies Oversight Subcommittee: The subcommittee held a conference call on January 23 and has another conference call planned for February 26. The Guidelines for Experience Studies have been finalized and distributed to the Experience Study Chairs for implementation. ESOS is preparing to respond to the action items addressed to them in the Research Effectiveness Task Force Report.

Ph.D. Grants Program: An informational flier regarding 1998-99 grants has been distributed as an insert with the December issue of *The Actuary* to all members of the Society of Actuaries. The flier and an application have been distributed to academic members of the SOA as well as members of the Actuarial Faculty Forum and representatives on the list of colleges and universities. Renewal application materials have been distributed to eligible current grant recipients.

Joint CAS/SOA Statement of General Principles of Actuarial Science: The joint CAS/SOA Committees on Actuarial Principles met on December 16, 1997. At the meeting further modifications to the discussion draft were made based on earlier comments received, actions taken at the previous committee meeting and feedback from the session at the SOA Annual Meeting. At the conclusion of the meeting, the Committee decided to submit the resulting draft for presentation at the International Congress of Actuaries. The submission makes clear that this is a working draft. Sam Gutterman will make the presentation at that meeting. The joint Committees plan to meet again in early 1998 to make final changes to the draft. They will ask the CAS and SOA Boards to approve distribution of the revised document as a discussion draft.

SOA MONOGRAPH SERIES

Monographs based on SOA research projects available through the SOA Books Department include:

- *A Study of Public Employee Retirement Systems*
- *A Study of Public Financial Guarantee Programs*
- *A Comparative Analysis of Methods of Health Risk Assessment*
- *Group Medical Insurance Large Claims Data Base Collection and Analysis*

The monograph *Valuation of Interest Sensitive Financial Instruments* is available through Frank Fabozzi Associates (215/598-8926).

ACTUARIAL RESEARCH CLEARING HOUSE 1998.1

Actuarial Research Clearinghouse 1998.1 (ARCH) will contain the proceedings of the 32nd Actuarial Research Conference held at the University of Calgary in August 1997. Listed below are papers scheduled to appear in the publication. The volume is expected to be available from the Society of Actuaries office in spring 1998.

- A Model for Analyzing the Impact of Selective Lapsation on Mortality
Bruce L. Jones
- A Flexible Model for Time-Dependent Data
Margie Rosenberg and Jenny Young
- Understanding Relationships Using Copulas
Edward W. (Jed) Frees and Emiliano A. Valdez
- Technologies Used in Modeling
Arnold F. Shapiro, Thomas A. DeFilippo, Katharine J. Phinney, Jing Zhang
- Social Security: Regressive or Progressive?
Robert L. Brown
- Challenge of an Aging Society
Anna M. Rappaport
- Recent Trends in Mortality Rates by Race
Esther Portnoy
- Equilibrium in Competitive Insurance Markets Under Adverse Selection and Yaari's Dual Theory of Risk
Virginia R. Young and Mark J. Browne
- The Ownership of the Pension Plan Surplus Using Cooperative Game Theory
Claire Bilodeau
- New Salary Functions for Pension Valuations
Jacques Carriere and Kevin Shand
- A Retirement Plan Based on Fixed Accumulation and Variable Accrual
Zaki Khorasane and Ho Kuen Ng
- Data Analysis for the Safest Annuity Rule Project: Implications for the Education of Actuarial Students
Matt Hassett and William Gundberg, Jr.
- Multiple Period Contracts Contingent on Previous Contract Choices
Mary V. Kelly
- Value-at-Risk for Risk Portfolios
Julia Lynn Wirth
- Economic Scenario Generator for Insurance and Pension Rational Decision Making Under Uncertainty
Steve Craighead and Mark Tenney
- Stability of Representative Pricing Scenarios
Sarah L. M. Christiansen and Kelley Buchacker
- An Unfinished Thesis from the 1950s
Robert W. Butcher, Cecil J. Nesbitt, and Marjorie V. Butcher
- A Karup-King Formula with Unequal Intervals
Geoffrey Crofts
- Designing Effective Graphs
Edward W. Frees and Robert B. Miller
- Integer Functions, UDDYA, and Annuity Coefficients
Elias S. W. Shiu and Serena Tiong
- The Work of the SOA Research Effectiveness Task Force and Your Input
Warren R. Luckner
- Estimators of the Regression Parameters of the Zeta Distribution
Louis Doray
- Stepwise Recursions for a Class of Compound Lagrangian Distributions
Hoque Sharif and H.H. Panjer
- A Solution of Defective Renewal Equations with Applications to Ruin Theory
X. Sheldon Lin and Gordon E. Willmot
- Bounding and Asymptotic Behavior of Ruin Probabilities in Collective Risk Theory: Final Report III
Vladimir Kalashnikov
- A Geometric Approach to Exact Solutions in Finance and Actuarial Science
B. J. Manistre
- The Dynamic Financial Analysis of Property-Liability Insurance Companies
Richard W. Gorrivett
- The Mollification Analysis of Stochastic Volatility
Lijia Guo
- Catastrophe Risk Bonds
Samuel H. Cox and Hal W. Pedersen
- Four Approaches to the Political Economy of Regulation
Philip Booth

7. INTERNATIONAL SUMMER SCHOOL

14th International Summer School Swiss Association of Actuaries Lausanne, July 21-25, 1997 Ulrich Orbanz

The title of this year's International Summer School of the Swiss Association of Actuaries was "Asset/Liability Management: From Immunization to the Theory of Option Pricing." The lecturers were Prof. Hans U. Gerber from the University of Lausanne, who was also the organiser of the Summer School, Prof. Elias S.W. Shiu from the University of Iowa and Professors Sam Cox and Hal Pedersen, both from Georgia State University. The interest in the subject was reflected by the record number of 76 participants from 19 countries.

In the first lecture Prof. Shiu introduced Redington's well-known Immunisation approach. He then continued by explaining cash-flow matching algorithms for a buy-and-hold investment strategy.

Further lectures then concentrated on partial problems within Asset/Liability Management motivated mainly by experience in the U.S. market. In valuing the liabilities, the options embedded in an insurance contract must be taken into account. Prof. Gerber gave a lecture on option pricing theory, in which he used a price process with Poisson distribution

instead of the traditional Wiener process. A similar topic was the pricing of investment guarantees for the policyholder which was dealt with by Prof. Pedersen. Another lecture by Prof. Shiu gave the foundations for discrete time stochastic interest rate models, complemented later by Prof. Pedersen's lecture on continuous time models for interest rates.

Sam Cox gave two lectures on catastrophe risk bonds, explaining the use, the structuring and the pricing of this instrument. In his closing lecture Prof. Gerber explained utility theory and some of its applications.

Most of the lectures included exercises that were solved in class with the assistance of the lecturers. The organisers had prepared a wealth of reading material that was handed out. This included a preprint of some chapters of the book "Financial Economics" written by a group of ten authors including all lecturers. Everything else was extremely well organised too, including accommodation, food, transportation and a walk along the lakeside leading to a joint dinner in Pully.

After a week of intense study and demanding lectures, the participants went back with gratitude to the Swiss Actuarial Association, a certificate and the feeling that a lot more time needs to be spent on this subject.

8. REPORTS FROM NATIONAL ASSOCIATIONS

AUSTRIA

Aktuarvereinigung Österreichs (AVÖ)

In October 1997, the Aktuarvereinigung Österreichs (AVÖ) published a guidance note concerning the “Unverfallbarkeitsbetrag” (vested benefits) gemäß § 7 Abs. 2 Betriebspensionsgesetz BGBl. 282/1990 in der Fassung BGBl 754/1996.

The connections to the actuarial societies of the eastern bordering countries of Austria become closer. Many activities of the Aktuarvereinigung Österreichs (AVÖ) are attended by members of those societies. On 14 January 1998, the Aktuarvereinigung Österreichs (AVÖ) could enjoy two interesting lectures held by Univ. Prof. Dr. Petr Mandl from the Karls-Universität in Prag.

At the end of 1997, the Aktuarvereinigung Österreichs (AVÖ) had 325 members, 158 of them were appointed as full members meeting the requirements of the Groupe Consultatif des Associations d’Actuaires des Pays des Communautés Européennes.

BRAZIL

The Brazilian Institute of Actuaries

1. Major Officers and Address

President Newton Cezar Conde
Vice-President Severino Garcia Ramos

Rua da Assembléia. 10 s/1304
20119-900 Centro
Rio de Janeiro - RJ
Brasil

Telephone No.: 55 021 5312867
Fax No.: 55 021 5312865

2. Membership in February, 1998

- 454 ordinary members,
- 55 corporate members,
- 2 benefactor members,
- 3 correspondent members.

3. Lectures and Workshops

Some lectures were presented during the last semester. They were:

- October 24
A lecture about ‘Perspectives of Insurance in Brazil’
José Raimundo Penha
São Paulo - SP

- November 12
A lecture about ‘Finance Management for Institutional Investors’
Edison Duarte Jardim
Rio de Janeiro – RJ

- December 11
A lecture about ‘Health Plan Evaluation’
Daniela Rezende Furtado de Mendonça
Rio de Janeiro – RJ

In this semester, we have already had the following lectures and workshops:

- February 11
A lecture about ‘The Use of Derivatives in the Financial Market’
Theodoro Arthur da Costa Messa
Rio de Janeiro – RJ
- February 9 and 10
A workshop about ‘Pension Funds – A Business Overview’
Marília Vieira Machado da Cunha Castro
Luiz Eduardo Guimarães Rodrigues
Rio de Janeiro – RJ

4. Congress

From August 26 to 28 – the III Brazilian Congress of Actuary and the II Pan-American Congress of Actuaries will be held in Rio de Janeiro. Any colleagues interested in further information can contact the Brazilian Institute of Actuaries.

CATALUNYA

The Col.legi d’Actuaria de Catalunya

The Col.legi was constituted in April 1993 under Spanish and Catalan law and today is a member of the International Actuarial Association, the International Forum of Actuarial Associations and a member of the Groupe Consultatif, where we have an active participation in their various committees.

The contact details are:

Col.legi d’Actuaris de Catalunya
Via Laietana, 32, desp 98
08003 Barcelona
tel/fax: 319 08 18
email: cac@pass.es

Membership at January 1st, 1998

Full Members	338
Observer members	143
Donating members	33
Corporate members	7

The observer members are actually students in their final university year and those who have recently graduated. They receive information about courses and workshops and they are included in the Job Hunt data base. They are not required to pay membership fees.

The secretariat is made up of:

Fernando Durango	Manager
Rosa Maria Felipe	Secretary
Monica Clua	International Secretary

The board members meet every month. The Col.legi celebrates 4 yearly elections to decide their government board. These were held on 15th January, 1998 with the following results:

President	Felix Arias
Vice President	Luis Lana
Treasurer	Jordi Coll
Secretary	Ferran Gonzalvo
Professional Development	Josep Luis Ferre
Education and Research	Albert Rocamora
Institutional PR	Antonia Maria Sanchez

Activities in 1997

The Col.legi and the Instituto de Actuarios Españoles had the privilege of hosting the Groupe Consultatif's 1997 Colloquium in September titled "*Interest Risk in Insurance and Pension – An Actuarial Approach*" in Barcelona. There were almost 200 actuaries representing 16 countries gathered to hear a wide range of speakers address issues which included Stochastic models of interest rates with particular reference to the introduction of the Euro (D. Wilkie), core issues related to the DGXV's Green Paper *Supplementary Pensions in the Single Market* (S. Arnot), the problems faced by Spanish insurers with the reduction of the actuarial interest rate from 6% to 4% (G. Martinez), and practical ways in dealing with interest in insurance and pensions (H.Horsmeier).

The closing dinner was held at the beautiful 12th century Stock Exchange Hall where prizes were presented to the two actuaries, Iñaki de la Pena and Andrew Cairns for their papers on the theme of the Colloquium, a prize organised by the Col.legi.

During the last 18 months the Col.legi has organised and collaborated in a series of talks and courses:

"*The Actuary in the Health System*" – Javier de la Rosa

"*Practical Internet*" - Pass Communications.

"*Social Security's Pension System. The New Law in light of the Toledo Agreement*" – in conjunction with the University of Barcelona.

"*Stock Market Analysis from an Actuarial Point of View*" – Jaume Puig Rivera

"*Mortality Table Workshop*" – UCEAC

"*New Trends in Savings*" – Menendez Pelayo University

"*Mortality Tables for the Active Population. Recent results*"

"*Regulated Development in the Single Market*" – Pilar Gonzalez de Frutos, the Spanish Insurance Supervisor.

The Col.legi has been promoting the Masters course in Insurance Business Administration held at the Pompeu Fabra University.

Activities for 1998

The courses that have been scheduled for this year are still to have a date set and in some cases the final title of the presentation or workshop is yet to be decided.

"*The New Accounting Plan of Insurance Companies*" – Deloitte & Touche and Catalana Occidente.

"*Practical Internet*" – Pass Communications

Seminar on Reinsurance

Seminar on Life insurance invested in Funds

Seminar on the Health System

Seminar on Marketing in Insurance

Seminar on Disability and Pre-Retirement

The Code of Professionalism

This year emphasis will be placed on continued education for newly graduated students.

One of the areas that the Col.legi is working diligently in is the consolidation of the rightful role of the actuary in Spanish society so that the profession's role is recognised in those matters which, till now, the actuary has been overlooked.

Angie Felipe, who is one of the professors at the University of Barcelona and is the Col.legi's representative on the Education Committee for the Groupe Consultatif, has been working on a mortality research project, constructing a table from population statistics where she has found an interesting curve for lives born in the early 20's and 30's in Spain

Publications and Website

The Col.legi publishes “The Actuarial Journal” every two years with an issue due to be published this year containing papers by national actuaries.

We are at the final stages of constructing a web page and it is foreseen that it will be completed by the middle of May (actuaris-cat.com). Free Internet server connection is available to all members through the Col.legi.

CZECH REPUBLIC

Czech Society of Actuaries

Information about the activities of the Czech Society of Actuaries July 1 – December 31, 1997

The Society meeting in October had on its program the lecture by Dr. Vladimír Příklad (Ministry of Finance) on the Transformation of the statutory motor third party liability insurance into the mandatory insurance. The nearest feasible term for the change of the legal status of this insurance to a form adequate to the market economy is January 1, 1999. In the second part of the meeting the members were informed about the proposed reform of the I.A.A. into an association of actuarial societies. It has been emphasized that the Czech Society of Actuaries participated since its origins in 1919 in the work of the Committee for Organization of International Congresses of Actuaries. The intention to aim for full membership of the Society in the I.A.A. has received unanimous support.

The plenary assembly in December, besides dealing with the regular society business, was devoted to the legislation in preparation regarding responsible insurance mathematicians. P. Mandl presented a comparison of the proposed competencies and obligations of responsible actuaries to those valid in Germany. Ing. Miroslav Sykora (Ministry of Finance) lead the debate on the proposal. The Society Committee will summarize the views of the members and present them to the officials of the Ministry preparing the Amendment to the Law on Insurance.

At the Charles University in Prague the enrolment for lectures on financial and insurance mathematics has reached 40-60 students. Society members from insurance companies and from the Ministry of Finance have agreed to supervise 13 Masters’ Degree Theses on themes proposed by them. It is expected that this useful form of direct engagement of the actuarial profession in the university education will continue in the future. The Seminar on Actuarial Sciences, of which the Society is a joint organizer, had 11 sessions in the winter term.

The Society Statutes were translated into English for the I.F.A.A. to be passed to newly created associations. On the

invitation of the I.A.A. Promotion Fund, P. Mandl participated at the Seminar on the proposals for a Core syllabus in actuarial training in Europe.

DENMARK

Den danske Aktuarforening (The Danish Society of Actuaries)

At the end of 1997 the Society had 254 members. The number of IAA members amounts to 165, of which 94 are members of ASTIN and 67 members of AFIR.

After the annual meeting on January 14, 1998, the board has the following members:

Lars Halling	<i>president</i>
Henrik Ramlau-Hansen	<i>vice-president</i>
Christian Sagild	<i>treasurer</i>
Finn Heerwagen	<i>secretary</i>
Jens Perch Nielsen	
Mette Rytgaard	

Auditors are Orla Dam and Ebbe Vagn Christensen.

During 1997 the Society has held the following meetings:

- January 8: General Assembly
- February 12: Troels Gunnergaard: “The use of financial instruments in insurance companies.”
- February 26: Member debate on accounting methods and on appointed actuaries in non-life insurance.
- March 19: Allan Deis: “Disability and mortality rates for sub-standard lives.”
- April 9: Torben Thomsen: “Financial reinsurance.”
- October 1: Member debate on the content of the annual actuarial report.
- October 7: Mikael Randel: “Macro-economic longterm tendencies – trends in world economy.”
- November 12: Leif Edvinsson: “Intellectual capital.”
- December 10: Thomas Møller: “Pricing unit-linked insurance business.”

The number of participants at the ordinary meetings varied from 29 to 66.

In 1997 the Society arranged 2 courses for the members:

- May 5: “Elements in the insurance law”
- December 16: “Financial theory”

The Society has in five cases taken part in hearings on proposed insurance legislation and has taken part in several committees under The Danish Financial Supervisory Authorities.

FINLAND

The Actuarial Society of Finland

Annual Report 1997

The society held eight ordinary meetings in 1997 with the following presentations:

- | | |
|--------------|---|
| 24 February | Esko Kivisaari: Pension expenditure standards in international bookkeeping and the Finnish pension insurance |
| 17 March | Riitta Aitio: On comparing reservation methods relating to treaties and claims in reinsurance |
| 21 April | Jaako Tuomikoski: On the new solvency provisions of the Employees' Pensions Act companies |
| 26 May | Tarmo Pukkila and Hannu Parviainen: Group Consultatif's core syllabus and how it affects the qualified actuaries examination in Finland |
| 15 September | Bryan W. Miesel: Can you trust an A.M. Best rating? |
| 13 October | Jari Käppi: On the calculation techniques of the Employees Pensions Act reference interest rate |
| 17 November | Katja Ainassaari: On the control model of the Pension Insurance Company's investments |
| 15 December | Vitaly D. Arhangelsky: Development of the Russian Insurance Market |

Further to the above meetings, a seminar on adopting the euro was arranged on October 27, together with the Accounting Management Society.

As in earlier years, the Foundation for the Promotion of the Actuarial Profession arranged a seminar, this time on meteorological phenomena. The seminar provided a forum for discussion for more than 60 participants. The opening speakers were:

Mr. Jouni Räisänen: Weather Changes caused by man

Mr. Kari Lehtola: Weather as a casual factor of catastrophes

Dr. Ivo Knoepfel: Catastrophe Modelling and the Assessment of Climate Factors

The board of the foundation granted the following awards during the year under review:

Teivo Pentikäinen; for the preparation work of the Thesaurus Dictionary

Arto Kallinen; for final revision of a publication on mathematics of investment activities

Luis Alvarez; for his research on financial mathematics

Katja Ainassaari; for development of her study on the investment model of a pension insurance company

Esko Prokkola; author of a textbook on insurance mathematics

Eero Pätäri, for preparing a dissertation on financial mathematics

There were 90 full members (qualified actuaries) and 172 ordinary members at the end of the year 1997. Mr. Asko Tanskanen was appointed honorary member during the year. The honorary member Viljo Keinänen passed away during 1997. The society had five honorary members at the end of the year.

Arvo Junnila	Ph.D
Teivo Pentikäinen	Professor
Håkan Simberg	M.A.
Christopher Daykin	CB, MA, FIA
Asko Tanskanen	M.A.

Contrary to earlier years the costs in respect of the Scandinavian Actuarial Journal as well as the costs arising from the Groupe's Education Committee were paid by the Foundation of the Promotion of the Actuarial Profession.

The board of the Society held nine meetings during 1997 and consisted of the following members (end of mandate in brackets).

Markku Paakkanen	President	(1998)
Jorma Leinonen	Vice-President	(2000)
Hannu Parviainen	Secretary	(1998)
Hillevi Mannonen		(1999)
Martti Pesonen		(1999)
Jaakko Tuomikoski		(2000)

Auditors were Jari Sokka (deputy Ari Ikonen) and Pertti Pulkkinen (deputy Pasi Mustonen).

The Society is a member of the International Actuarial Association, Matti Ruohonen and Markku Paakkanen being on the Council. The Society also belongs to the International Forum of Actuarial Associations.

Moreover, the Society has been represented in the Groupe Consultatif of the EU actuarial societies and its subcommittees. In the Pensions Committee the so-called Green paper was handled, which suggests that the additional pension benefits would accompany the employee from one country to another.

The Finnish editor of 'Scandinavian Actuarial Journal' has been Martti Pesonen. Jukka Rantala is a member in the ASTIN Committee and the editorial committee of ASTIN Bulletin.

The annual meeting of the Society on 23 February 1998 elected Jaakko Tuomikoski as the President of the Society. Markku Paakkanen retired from the board and the meeting elected Dr. Jukka Rantala as the new member of the board.

The Actuarial Society of Finland can be reached via its secretary:

Mr. Hannu Parviainen
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FIN-02010 TAPIOLA
FINLAND

tel + 358 9 453 2680
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JAPAN

The Institute of Actuaries of Japan

A. *ACTIVITIES OF THE I.A.J. IN 1997*

1. Annual Meeting

The Annual Meeting was held in Tokyo on November 12th and 13th with about 950 participants. The special lecture, 'The Japanese Version of the Financial "Big Bang" by Mr. Tomomitsu Oba, president of Japan Center for International Finance, 3 reports on international meetings, and 2 proposals by I.A.J. about the pension system were presented on the first day. 14 study results by I.A.J. members on various topics were presented and a panel discussion on the pension system was held on the second day. The Annual Research Meeting on Computer Systems for Insurance Companies was held in Osaka on October 22nd and 23rd. We had nearly 450 participants at the meeting.

2. Regular Meetings

Four regular meetings were held in 1997. The following lectures were delivered at the respective meetings:

- (1) "The Frontiers of a Code Technique -What is open key code? -" by Dr. Kaoru Kurosawa, Assistant Professor of Tokyo Institute of Technology, on February 26th.
- (2) "Management Risk is a source of competitive ability" by Mr. Tomohiko Adachi, Assistant Professor of Musashi University, on March 27th.
- (3) "Life Insurance Trends and Management in Thailand" by Miss Thatsanee Dharpipit, Senior Executive and Actuaries of THE OCEAN INSURANCE CO., LTD. on August 11th.
- (4) "Business Cycle" by Mr. Masashi Kato, Professor of Tokyo Keizai University, on October 28th. Furthermore, One day Seminar co-sponsored by SOA and IAJ on the subject of 'Asset Adequacy/Capital Adequacy Analysis' was held on November 17th.

3. Actuarial Seminar of East Asia

Twenty-five participants from Asian countries attended the 27th Actuarial Seminar of East Asia, held in Tokyo and Osaka from July 24th to August 22nd. The Seminar was at the intermediate level. The Seminar consisted of three sessions: the first session provided lectures on some specified subjects of actuarial science, the second session provided seminars and the third session provided special lectures on various topics. The participants also attended the above regular meeting (3).

4. Summer Seminar

Forty-three young actuaries participated in the 15th Summer Seminar which was held from September 4th through 6th at the lakeside of Hamana Lake (Shizuoka Prefecture) to discuss current topics. The seminar was composed of:

- (1) Guest Speech
"Current Problems and prospect for Holding Company" by Mr. Hideo Fujiwara, senior executive research fellow of LTCB Research Institute, Inc.
- (2) Sessions
"The Forthcoming Management Strategies of Financial Institutes" was took up as a theme of this seminar and discussed by the actuaries, under the guidance of Mr. Ryota Okamoto, Auditor of Nissay General Insurance Company, Limited, Dr. Sc., F.I.A.J.

B. MEMBERSHIP OF THE I.A.J.

The number of members as of December 31st, 1997:

Senior members	9
Fellows	808
Associates	842
Students	1,766
Sub-total	3,425
Supporting members	125

C. TOPIC

1. The I.A.J. will celebrate its centennial anniversary in 1999. As our anniversary events, ASTIN Colloquium, AFIR Colloquium, IFAA Meetings and Centenary Convention will be held in Tokyo during the following period.

ASTIN Colloquium	August 22-25,1999
AFIR Colloquium	August 24-27,1999
IFAA Meetings	August 28-29,1999
Centenary Convention	August 29-31,1999

2. About the Preparation for the Centennial Convention of I.A.J. To prepare for the Centennial Convention, I.A.J. has formed the "Centennial Preparation Committee". I.A.J. has also formed the "Vision Committee" (chairman: Mr. Junzo Tanaka) to plan for the future of I.A.J. and set up the theme of Centennial Convention as "Pave the way to the 21st Century" (unauthorized translation). Furthermore, I.A.J. has formed the "Scientific Committee" to coordinate the ASTIN and AFIR Colloquiums, which are scheduled during the same period. In 1997, the I.A.J. distributed a small brochure describing the outline of its Centennial Convention through Conference in Australia, IAA Bulletin etc.
3. Theme of the Centennial Convention (Centennial Preparation Committee)
 - (1) Theme "Pave the way to the 21st Century" (unauthorized translation)

Centennial Preparation Committee set up the above theme, aiming to define the role of I.A.J. and also that of its members, and to propose the action plan and the institutional changes.
 - (2) Vision Committee

Vision Committee has been formed to plan for the future of I.A.J. along the theme of the Centennial Convention.

INDIA

The Actuarial Society of India

Report on the Actuarial Society of India

Consequent upon Mr. N.M. Govardhan taking up a foreign assignment, he relinquished the post of President and Mr. K.P. Narasimhan Vice-President was elected as President of the Actuarial Society of India with effect from 3rd January, 1998. Mr. P.C. Gupta, a committee member was elected as Vice-President in the post vacated by Mr. K.P. Narasimhan.

During the year 1997-98, 12 Student members qualified as Associates and two Associate members qualified as Fellows.

In August 97, one of our members Mr. Arpan Thanawalla was sent as our delegate to Australia to attend the ASTIN/AFIR colloquia and Centenary celebration of the Institute of Actuaries of Australia. He carried with him a present from Actuarial Society of India to the Institute of Actuaries of Australia.

In November 1997, the Sixth All India Conference of Actuaries was held for two days and seven papers of actuarial interest were presented for discussion by the members.

One week tuition classes were conducted for the fellowship subjects 'Pension' and 'Life Office' from 9 February to 13 February, 1998 and from 16 February to 20 February 1998 respectively. Institute of Actuaries, London deputed Mr. Jim Tindale and Mr. Graham Luffrum Staff Actuaries to conduct these tuition classes. The travel and stay of the tutors was financed by Prudential Corporation pic.

On 14th February 1998 a full day CPD seminar was arranged covering the topics Pension and Life Insurance. Mr. Jim Tindale and Mr. Graham Luffrum made interesting presentations in the seminar.

THE NETHERLANDS

The Dutch Institute of Actuaries (Het Actuariel Genootschap)

- During the last six months of 1997 the Institute held only one general meeting of members:

16 October:

During this meeting the Guidance Notes for Non-Life Insurance were discussed. In previous meetings these Guidance Notes had been discussed more extensively and in this meeting the members were asked to give their approval to the guidelines. Due to a number of new items that had been raised for discussion, it was decided that the approval of the Guidance Notes should be deferred to a future meeting. The various sections also had an opportunity to report on

their activities and plans for the coming year. The meeting closed with a presentation of a module from the new course offered by the Actuarial Institute, namely, "Oral Communication Skills."

- Reports of the various sections

ASLI (Life Section):

On 13 November, an ASLI working group organised a theme meeting on the topic of "Solidarity." The first speaker was C. Smith of Swiss Re who gave a presentation on Huntington disease entitled *Huntington's Chorea: A Mathematical Model for Life Insurance*. After this presentation, the working group presented its findings on the topic of Solidarity. The working group also presented its monograph, published by the Dutch Institute of Actuaries, *Solidarity Insured: Insight into Solidarity in Relation to Life Insurance*, in which it has set out its findings on this subject. One of the topics dealt with by the working group in its monograph is when and how medical information plays a role in solidarity. In addition, they discussed the difference between solidarity in the case of group insurance and solidarity in relation to personal insurance.

General information about this section or questions about the monograph, published by the Dutch Institute of Actuaries, can be obtained from the secretary:

Mrs. W.J.C. Speksnijder-Deelen
Centraal Beheer
P.O. Box 700
7300 HC APELDOORN
The Netherlands

ASIP (Pensions Section)

No ASIP meetings were held during this period. A meeting was held in relation to Permanent Education (see Permanent Education).

General information about this section can be obtained from the secretary:

Mr. N. Mol
Towers Perrin
P.O. Box 84220
3009 CE ROTTERDAM
The Netherlands

ASTIN (Non-Life Section)

Two meetings of the ASTIN active members group were held during this period, as well as a meeting in relation to Permanent Education (see Permanent Education).

The first meeting of the ASTIN active members on 8 October dealt with the issue of *Rating as applied by insurance companies*. The speaker discussed the topic of rating

generally and the way in which ratings work in practice. After this topic, Mr. J. Spreeuw discussed a number of papers presented to the IME conference, which had been held in Amsterdam the previous summer.

On 10 December, the second meeting was held. Mr. H. Waszink was the first speaker at this meeting. He presented an extremely interesting stochastic model for determining the Incurred-But-Not-Reported reserve. After his presentation, various people spoke on a number of papers presented during the ASTIN colloquium in Australia (10-13 August 1997).

General information about this section can be obtained from the secretary:

Mr. H.J. Prins
Fortis Nederland
P.O. Box 2072
3500 HB UTRECHT
The Netherlands

AFIR (Finance Section)

No AFIR theme meetings were held during this period. A meeting was held in relation to Permanent Education (see Permanent Education).

General information about this section can be obtained from the secretary:

Mr. F.R. Valkenburg
Actuariel Bureau J.A.W Hammer
P.O. Box 1364
3000 BJ ROTTERDAM
The Netherlands

KAA (*Kring van Actuariel Analisten*, Circle of Actuarial Analysts)

This new section organised its first theme meeting on 18 September on the topic of *Product Innovation*. Amongst other topics, during this meeting various factors were discussed which are of importance in modernising financial services products. Extensive answers were given during the meeting to such questions as why product innovation is necessary, when product innovation is necessary and the role of the actuary in product innovation.

General information about this section can be obtained from the secretary:

Mr. J. Speulman
Stichting Sociaal Fonds Bouwnijverheid
N. V. Schadeverzekeringsmaatschappij sfb
P.O. Box 57440
1040 BH AMSTERDAM
The Netherlands

- **Permanent education**

In co-operation with the various sections, three meetings were held in the second half of 1997 in relation to Permanent Education:

22 October: Long-life risk and population aging, in co-operation with the ASIP section. The first topic discussed during this meeting was the technical approach to long-life risk in relation to the technique of 'looking ahead.' The question of how an insurer or pension fund should deal with long-life risk and population aging was also discussed.

26 November: Generalised Linear Modelling, in co-operation with the ASTIN section.

In co-operation with ASTIN and the group linked to the Non-Life Actuarial Science chair of the University of Amsterdam, the introduction to and awareness of the relevant aspects of Generalised Linear Modelling (GLM) techniques were discussed, as well as the application of this by the actuarial profession.

17 December: ALM for pension funds, in co-operation with the AFIR section.

Central to this meeting was the question of what tools an actuary has at his disposal for valuing investments and liabilities and what the relationship is between these two.

- **Platform discussion**

On 30 September a seminar was organised by the Platform Committee NIVRA - Institute of Actuaries with financial reinsurance as its main topic. Financial reinsurance was discussed, as this is applied in the life insurance sector and in non-life insurance. The way accountants and actuaries, with their specific backgrounds, view this subject was also discussed.

- **Other activities**

Together with the working group on Social Insurance and Finance, the Institute of Actuaries organised a seminar on 20 November on the topic 65+ : *the feasibility of state old-age pension provision* in the context of population aging.

- **The Actuary**

During the second half of 1997, three issues of the bulletin of the Institute of Actuaries were published.

July 1997, which included the following articles:

- an article on finding the proper balance, which the government should aim to achieve, between the operation of market forces, on the one hand, and regulation, on the other.

- a discussion of the report by an intern based on a study carried out with the aid of a much simplified tax model into the effect of a change in the deductibility of pension premiums.
- a report on the PCNA meeting on corporate governance in the world of insurance and pensions.
- a report on the permanent education meeting on the subject of international supervision.

September 1997, which included the following articles:

- an interview with Mr. van Boxtel on the Medical Examinations Act, which has been applicable to personal life insurance, pension insurance and disability insurance since 1 January 1998. In brief, the Act stipulates that medical examinations may not invade the privacy of the insurance applicant.
- a summary of a seminar on risk management organised for risk managers and actuaries.
- an evaluation of the experience of a season of permanent education.

November 1997, which included the following articles:

- an article on the course "Professional Attitude and Professional Code" which is part of the actuarial sciences study programme.
- a summary of the theme meeting on Product Innovation; what does it entail?
- an article on the situation with regard to Embedded Value in the general sense.
- a report on the seminar organised by PCNA on financial reinsurance.
- an article in which the Value-at-Risk method - a method which is important both for actuaries and investment specialists - is discussed.

If you are interested in one or more of the above articles, kindly contact the national editor.

NEW ZEALAND

The New Zealand Society of Actuaries

At the Annual General Meeting of the New Zealand Society of Actuaries held in November 1997 the following officials were elected or appointed:

President: Ed Robinson
Vice President: David Benison
Secretary: Anne Lord
Treasurer: Dean Apps
Committee Members: John Smeed
Jill Spooner

Telephone: 1-312-396-1010
Facsimile: 1-312-396-1040
E-mail: hbolnick@nwu.edu

1. North American Actuarial Journal

The Society of Actuaries is looking for authors to submit papers and articles on a wide-range of topics. The NAAJ publishes papers from new and developing areas of actuarial practice, including:

- Research on emerging public policy debates
- Technology improvements
- Demographic trends
- Globalization issues
- Multi-disciplinary topics providing useful insight to practising actuaries

The submission process is simple: submit two (2) copies of your paper along with a one-page abstract which outlines the scope and objectives of your paper, including author and paper information and the names (and how to contact them) of up to three potential reviewers for the refereeing process. For a copy of the "Submission Guidelines for Authors," please contact Cheryl Enderlein, Communications Coordinator, at 1-847-706-3563, or via e-mail (cenderlein@soa.org).

Subscription Information

The North American Actuarial Journal is published quarterly at the following rates: 1 year (4 issues) for \$95.00, 2 years (8 issues) for \$165, and 3 years (12 issues) for \$250.00 (prices in U.S. dollars). Send your name, company name, full mailing address, and either a check or credit card information (MasterCard and Visa are accepted; include card number, expiration date, telephone number, and signature) to the Books and Publications Department at the following address:

Society of Actuaries
Books and Publications Department
475 North Martingale Road, Suite 800
Schaumburg, IL 60173-2226

Remittance must accompany orders. For Canadian orders, please add 7% GST tax. For overseas orders, please add 20% postage charge. U.S. funds drawn on U.S. currency on U.S. banks are preferred. If you have questions, please contact the Books and Publications Department by phone (1-847-706-2526), fax (1-847-706-3599), or e-mail (bhaynes@soa.org).

2. Future Society of Actuaries Meetings

- The Annuity Conference
April 2-3
Orlando, Florida

The Secretariat is managed by Fran Jenkins.

The key issues facing the actuarial profession in New Zealand this year are the regulatory controls in life insurance. The New Zealand Society of Accountants is bringing in new life insurance standard based on the Australian marginal services method of evaluation. This will be adopted both by the accounting and actuarial profession in New Zealand. The Government is also re-considering an appointed actuary-styled regime.

Last year the referendum on a proposed compulsory superannuation scheme was soundly defeated. However, a political solution to the ageing population issue is still required. It is likely that considerable effort and lobbying will be undertaken this year in an attempt to resolve the political impasse and put in place some form of long-term solution.

These topics and others will be discussed at the bi-annual conference of the New Zealand Society of Actuaries which is to be held from the 21 to 23 October 1998 at Waitangi in the Bay of Islands north of Auckland.

All actuaries and their partners are warmly invited to attend this conference.

NORTH AMERICA **The Society of Actuaries**

•Anna M. Rappaport
President, Society of Actuaries
(October 1997 – October 1998)

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Chicago, IL 60606

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•Howard J. Bolnick
President-Elect, Society of Actuaries

Mailing address:

Radix Health Connection LLC

414 North Orleans Street, Suite 210

Chicago, IL 60610

- Actuarial Appraisals in a Sizzling Mergers and Acquisitions Heatwave
April 30 – May 1
Chicago, Illinois
- Corporate and Chief Actuaries Open Forum
May 4-5
Philadelphia, Pennsylvania
- Managed Care in a Time of Transition
May 4-5
Minneapolis, Minnesota
- Advanced Equity Index
May 28-29
Tampa, Florida
- Strategic Planning for Insurance Companies
June 19
Maui, Hawaii
- Capitation and Health Data Sources Forum
August 27-28
Rosemont, Illinois
- Term Wars
September 23
Orlando, Florida
- Basic GAP
September 23
Orlando, Florida
- Valuation Actuary Symposium
September 24-25
Orlando, Florida
- SOA Annual Meeting
October 18-21
New York, New York
- Advanced GAP
October 15-16
New York, New York
- Emerging Markets for the New Senior Citizen
November 16-17
Charleston, South Carolina
- Critical Issues in Underwriting
December 7-8
Sarasota, Florida
- Retirement Needs Framework
December 10-11
Orlando, Florida

- Actuarial Modeling II
December 14-15
Orlando, Florida
- Product Development Boot Camp
December 14-15
Orlando, Florida

For details on the above seminars and those under development, watch for future SOA mailings or call the Continuing Education Department at 1-847-706-3545 or 1-847-706-3540. The following additional seminar topics are in the planning stages for 1998-99. All dates/locations are tentative.

Investment Spring Training	(June)
Market Driven Product Development	(Fall)
Credibility Seminar	(October)
Risks in Investment Accumulation Products	(January '99- New York)

3. Membership Statistics

Total Memberships by Geographic Distribution

Organization	U.S.	Canada	Foreign	Total
SOA.....	11,921	3,074	1,416	16,411
AAA.....	12,617	242	262	13,121
CAS.....	2,625	178	98	2,901
CIA.....	254	1,788	112	2,154
CCA.....	990	16	9	1,015
ASPA.....	752	3	5	760
	29,159	5,301	1,902	36,362

Key: SOA = Society of Actuaries
AAA = American Academy of Actuaries
CAS = Casualty Actuarial Society
CIA = Canadian Institute of Actuaries
CCA = Conference of Consulting Actuaries
ASPA = American Society of Pension Actuaries (Actuarial Members)

4. The Actuarial Foundation: A New Name and a New Partner

The Society of Actuaries Foundation changed its name to The Actuarial Foundation effective January 1, 1998. This name change emphasizes the activity of the Foundation on behalf of the profession.

The Actuarial Foundation's mission is to facilitate and broaden the actuarial profession's contribution to the health of society. To meet this mission, The Foundation explores innovative ways to apply actuarial skills in the public interest. The Foundation forges partnerships with universities, governmental bodies, insurance and financial services industries to create innovative research, education and communications initiatives.

Similarly, another actuarial organization, the Actuarial Education Research Fund (AERF) has as its mission to advance the knowledge of actuarial science and respond to the needs of the public for education and research in actuarial science by coordinating and/or conducting research and studies, by conducting educational programs, by stimulating the production and dissemination of educational material and by undertaking such other activities as may seem desirable to achieve the stated goals.

In its role of assisting both industries and the public, the actuarial profession requires support for a number of different education activities, including work with academic researchers, grants and prize competitions, actuarial research projects of a variety of sizes and public service and public education projects.

The Actuarial Foundation and AERF understand that fund raising and project management require competent, committed, professional resources to be most successful. Both organizations believe that a unified development approach is desirable and effective in supporting actuarial research and education.

In view of their similar missions and appreciating the opportunity to join together for increased efficiency and effectiveness in achieving their missions, the Trustees of the Actuarial Foundation and the Board of Directors of AERF have entered into an affiliation agreement. Under this agreement, AERF and The Actuarial Foundation retain their separate identities, governance, and finances for a trial period of up to five years. AERF and The Actuarial Foundation will unify their fundraising efforts, grants programs, streamline certain duplicative administration functions, and strive to align their educational efforts and charitable purposes.

At any time during the trial period, on one year's prior written notice, AERF, through its governing board of directors, and based upon its experience in the affiliation, may elect to legally merge with The Actuarial Foundation to form one charitable organization. Should AERF not elect to merge by the end of the trial period,

The Actuarial Foundation and AERF will dissociate themselves and continue their separate operations.

The Actuarial Foundation and the AERF agree to unify and align their efforts at using actuarial capabilities to the benefit of society.

5. Symposium

A symposium, "The Actuarial Profession's Relationships with Academia," was held on February 4, 1998 in Chicago, Illinois. This symposium examined the development of the actuarial professions's scientific capital and its ability to compete in a constantly changing business environment. It was jointly sponsored by the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries. It was convened by James C. Hickman, FSA, ACAS, Emeritus Professor and Dean, University of Wisconsin, W. James MacGinnitie, FCAS, FSA, CFO & Senior Vice President of CNA Insurance Companies, and Howard Bolnick, FSA, SOA President-Elect. Dr. Burton J. Bledstein, Associate Professor at the University of Illinois, Chicago was the keynote speaker. He is author to *The Culture of Professionalism: The Middle Class and the Development of Higher Education in America*.

In his keynote address, Professor Burton Bledstein, Ph.D. discussed how other American professions have used formal ties with academic institutions to enhance their public visibility and acceptance. Participants heard from representatives of each sponsoring organization about their programs and relationships with academia, and, from representatives of Waterloo, Georgia State and Lebanon Valley about their schools' ties to the profession and industry. In the afternoon, breakout sessions were held to explore the need for actuaries to improve ties with academia and to create specific ideas that participants think should be considered by the SOA, CAS and CIA Boards.

6. Recent Publications

Actuarial Mathematics, Second Edition

Since the publication of the first edition of *Actuarial Mathematics* in 1986, actuarial science has absorbed additional ideas from economics and the mathematical sciences. Although it would be impossible to capture the full effect of all these changes in the revision of a basic textbook, this second edition is a step in an ongoing process of adaptation designed to keep the fundamentals of actuarial science current with changing realities. At the same time, this second edition continues the

philosophy of the first edition in its presentation of what has come to be identified as the modern mathematical foundation of actuarial science.

Among the book's key features is the probability approach, and the discussions build on the development of the mathematics of probability and the entry of risk into decision theory. Another key feature is the integration of life contingency concepts with risk theory. The textbook is used in SOA Courses 150 and 151 and is on the recommended reading list for Seminar 152.

"We're in a technological revolution, and we have to keep moving ahead with new ideas. Time marches on," said James C. Hickman, one of the book's five original authors and one of the three who revised the text.

Among the notable differences in the revised text are a new chapter on stochastic models of interest rates and the omission of commutation functions, no longer a staple of actuarial calculations. In the new text, readers are instead asked to use current software to complete exercises that illustrate actuarial calculations. To this end, this second edition takes advantage of the general availability of powerful personal computers. The resulting freedom means that there is no longer a single preferred method for computing results from actuarial models and also that more complex models are feasible. As a consequence, suggestions for computing are in *Actuarial Mathematics* and it is recognized that it is no longer necessary to be constrained to traditional computing methods.

Also, said Hickman, "The whole approach to regulation is entirely different in the second edition. Specific insurance regulations and practices in Canada and the U.S. are relegated to examples and exercises. The basic issues that motivate regulation and practice survive." He added, "We're going international – this text has an audience in Mexico, Asia, and perhaps elsewhere. There are new ideas, new commercial practices. One of them is the pension area: the decline of defined-benefit plans and the rise of defined contribution plans. But we didn't change it; the world did. But we must acknowledge these types of changes in our work."

In general, "we attempted to eliminate some of the products people have lost interest in and include current products," said Newton L. Bowers, another of the revised text's authors. "Retirement income policies, also known as income endowment policies, have been virtually unknown for 15 years. Those and others may have historic interest, but that isn't the focus of *Actuarial Mathematics*." New products include accelerated benefits for terminal illness and long-term care.

Donald A. Jones, another of the revised text's authors, observed, "A lot of teaching is done by professors doing research because you can't get cutting-edge developments into print very quickly. We know that the publication process keeps us from being as current as everyone would like, but we believe the new edition of *Actuarial Mathematics* will be useful for teachers and students. It offers much of the latest thinking in actuarial science."

A textbook at the foundation of a profession also must be readable. This one is. It contains a wealth of charts, graphs, tables, examples, and exercises clarifying the theory. *Actuarial Mathematics* is well suited to self-study and the immediate application of its tools.

The cost is \$75.00 (U.S. dollars) and the book can be ordered through Beverly Haynes in the SOA Books Department (phone: 1-847-706-3526; fax: 1-847-706-3599; e-mail: bhaynes@soa.org).

Group Medical Insurance Large Claims Database Collection and Analysis

The purpose of this research project, which was jointly funded by the Health Section and the Society of Actuaries, was "To assemble and analyze a limited database which may serve as a model for expanded intercompany studies of health care benefits in the future." The focus of the project was on the types and incidence of large claims, defined as claims totaling \$25,000 or more for any one year.

SOA Monograph M-HB97-1
(\$35.00-U.S. Dollars)

Securitization of Insurance Risk: The 1995 Bowles Symposium

During the late 1980s and early 1990s, we have seen insurance and financial markets interact more closely than ever before. New tools for managing insurance risk emerge frequently, usually with roots in financial markets. A strong motivating factor has been the record number of natural catastrophes and their impact on insured losses. The potential for earthquake and storm losses in the U.S. exceeds insurance market capacity. Reinsurers, banks, security exchanges, and others are developing products, sometimes involving the creation of new organizations or joint ventures, to profitably meet this demand. The 1995 Bowles Symposium provided a forum for exploring some of these products and discussing new possibilities.

The Chicago Board of Trade futures on catastrophic loss indices provided an early example of these products, perhaps the first exchange-traded insurance derivative securities. Over-the-counter products such as bonds with coupons or principal payments tied to an insurance portfolio loss ratio are examples of privately placed insurance securities. There is more information available on the publicly traded examples, and naturally, the majority of the symposium papers treat these products. The symposium was organized in three sessions, as follows:

- Interplay between Capital Markets and Insurance
- Insurance Futures
- Actuarial Bridge between Insurance and Finance.

The symposium was above all intended to promote an understanding of the basic ideas of securitization and to discuss the fundamentals of new emerging products. The interaction between innovations in the financial markets and the needs of the insurance sector has been an excellent topic for bringing financial specialists and actuaries closer together so that they can learn from each other.

SOA Monograph M-F197-1 (\$35.00-U.S. Dollars)

NORTH AMERICA
Casualty Actuarial Society

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Web Site: <http://www.casact.org>
E-mail: office@casact.org

**1. FUTURE MEETINGS AND SEMINARS OF
THE CASUALTY ACTUARIAL SOCIETY**

•Society Meetings

1998 Spring Meeting
May 17, 18, 19, 20
Marco Island Resort
and Golf Club
Marco Island, Florida

1999 Spring Meeting
May 16, 17, 18, 19
Disney's Contemporary
Resort
Orlando, Florida

2000 Spring Meeting
May 7, 8, 9, 10
The Mirage
Las Vegas, Nevada

1998 Annual Meeting
November 8, 9, 10, 11
Sheraton Centre Toronto
Hotel and Towers
Toronto, Ontario

1999 Annual Meeting
November 14, 15, 16, 17
San Francisco Marriott
San Francisco, Florida

2000 Annual Meeting
November 12, 13, 14, 15
J.W. Marriott
Washington, D.C.

2001 Spring Meeting
May 6, 7, 8, 9
Fontainebleau Hilton
Miami, Florida

2002 Spring Meeting
May 19, 20, 21, 22
Hotel del Coronado
Coronado, California

2001 Annual Meeting
November 11, 12, 13, 14
Marriott Marquis
Atlanta, Georgia

2002 Annual Meeting
November 10, 11, 12, 13
Marriott Copley Place
Boston, Massachusetts

•Casualty Loss Reserve Seminar

Jointly sponsored with the American Academy of Actuaries

1998

September 28, 29
Philadelphia Marriott
Philadelphia, Pennsylvania

1999

September 20, 21
Marriott's Camelback Inn
Scottsdale, Arizona

2000

September 11, 12
Hilton and Towers
Minneapolis, Minnesota

•Seminar on Ratemaking

1998

March 12, 13
Chicago Hilton & Towers
Chicago, Illinois

1999

March 11, 12
Opryland Hotel
Nashville, Tennessee

2000

March 9,10
Hotel del Coronado
San Diego, California

•Seminar on Reinsurance

1998

June 8, 9
Hyatt Regency
Greenwich, Connecticut

•*Seminar on Emerging Technologies*

1998

April 23, 24
Fountainbleau Hilton
Miami Beach, Florida

•*Seminar on Dynamic Financial Analysis*

1998

July 13, 14
Marriott Copley Place
Boston, Massachusetts

•*Seminar on Catastrophe Issues*

1998

October 22, 23
Hotel Inter-Continental
New Orleans, Louisiana

2. 1997-98 OFFICERS

Mavis A. Walters	President
Steven G. Lehmann	President-Elect
Robert A. Anker	Immediate Past President
Curtis Gary Dean	VP-Administration
Kevin B. Thompson	VP-Admissions
Susan T. Szkoda	VP-Continuing Education
Patrick J. Grannan	VP-Programs and Communications
Robert S. Miccolis	VP-Research and Development

3. MEMBERSHIP STATISTICS (AS OF NOVEMBER 1, 1997)

Associates	1246
Fellows	<u>1654</u>
Total	2900

NORWAY

Den Norske Aktuarforening
(The Norwegian Society of Actuaries)

In 1997 the Norwegian Society of Actuaries arranged six ordinary meetings, and one special meeting.

January 23 (Also annual meeting): “The Actuarial Society’s international connections.” Speaker was Georg Harbitz jr., Director of the Association of Norwegian Insurance Companies.

February 19 Special meeting for discussion of the hearing of opinion on new tax rules for individual pension savings.

A group consisting of Frode Fossum, Gunnar Kvan og Peder J. Pedersen had delivered a proposal.

March 13 “David Wilkie’s stochastic investment model – Of current interest for Norwegian Unit Linked products?”

Speaker was Nina Gulbrandsen, Actuary of Norske Liv Insurance.

April 24 “Administration reserves in life insurance.” Speaker was Richard Blom from the Swedish Actuarial Society.

September 18 “IBNR reserves in life insurance.”

Speakers were Odd Arne Svendsen and Kari Halvorsen Holter, both actuaries of Gjensidige.

October 23 “The Actuarial Society’s future organisation and purpose.”

Speakers were Erling Falk, Chief Actuary of NOR Insurance and Pål Lillevold, Consulting Actuary.

November 27 “Investment of the Norwegian Oil Fund.” Speaker was Knut Nordheim Kjør, Economist and leader of the special investment group in Norway’s State Bank.

The average number of participants in the meetings was 41. In 1997 the board of the Society had the following members:

President: Erling Falk, Chief Actuary of NOR Insurance.

Vice President: Pål Lillevold, Consulting actuary.

Secretary: Kari Halvorsen Holter, Actuary of Gjensidige.

Treasurer: Sissel Rødevand, Chief Actuary Life Insurance. The Association of Norwegian Insurance Companies.

Member: Roar Engen, Chief Actuary of KLP Insurance.

Auditor has been Arvid Hoel, Actuary of Storebrand Life Insurance.

The Committee for post graduate studies has arranged a seminar for three days on financial risks. The seminar attracted so many actuaries that it was later repeated. All together 78 actuaries participated.

The University of Bergen has the right to qualify actuaries. The University in Oslo has until now been the only place for

actuarial education. The Board of the Society has written to the Headmaster of Oslo University and pointed out the unsatisfying consequences if the professorship is not filled.

The Society's scholarship was given to Nina Gulbrandsen for studying investment and finance in Great Britain.

The Actuarial Society has in 1997 given two hearings of opinion to government proposals. This concerned new tax rules for individual pension savings and the proposed changes in the law on restrictions of investments in equities.

The Society also set up a committee to study the eventual use and cost of Internet for the society (Pål Lillevold, Roar Engen, Andre Hönsvall og Johan Desprée).

The members newsletter "AKTUariELT" came out with six editions in 1997. All information about meetings are only published in the newsletter. New editor is Morten Harbitz, Actuary of Norske Liv Pensjonskasser A/S.

The yearly meeting between the presidents of the four Nordic actuarial societies and the editors of Scandinavian Actuarial Journal took place in Helsinki.

Professor Knut K. Aase from the Norwegian Business School, continues as Norwegian editor of SAJ while the editor in chief is Arne Sandström from the Swedish Society of Actuaries. A new plan for financing the journal (the Norwegian part) will be worked out.

The Norwegian ASTIN-group (NAG) has arranged three meetings and one seminar with the following topics:

- Frequency of casualties and the Kalman filter, Jon Gjørven, Risk Valuator, Storebrand
- Ruin problems with interest on surplus, David Dickson, University of Melbourne

- Optimal reinsurance and investment strategy for an insurance company, Astrid Lunde, Vital Insurance
- A special two day seminar was on "Setting prices in general insurance. Use of general linear models in SAS."

Council members from the Norwegian Actuarial Society to IAA have been: Georg Harbitz, Tor Eivind Høyland and Erling Falk.

At the yearly meeting of IAA's Council in September 1997 in Brussels the Norwegian Council members were present.

Twelve members participated in the ASTIN-colloquium in Cairns. Walther Neuhaus is member of the Editorial Board for ASTIN Bulletin.

Eighteen members participated in the AFIR-conference in Cairns.

The Norwegian delegate to IFAA, Georg Harbitz, participated in the IFAA meetings in Zeist (The Netherlands) and Gold Coast (Australia). The Norwegian Society has now the following subcommittee members:

- Education, Walther Neuhaus
- IASC matters, Pål Lillevold
- Public Statement, Georg Harbitz

The Norwegian Actuarial Society has since January 1st, 1994, observer status in Groupe Consultatif. Delegate to the Groupe is the national correspondent to IAA, Georg Harbitz, and he participated in the Groupe's annual meeting in Dublin and the meeting in Freedoms and General Purposes committee in Oxford.

Ten new members are admitted to the Society, and 6 members have passed away. Two members have resigned their membership. At the end of the year there were 215 members of the Society (1 honorary member).

Membership statistics (as of 31.12.97)

	Age <67	Age >67	Total	Donateur A
Members	190	30	220	-
Also IAA members	132	6	138	1
ASTIN members	56	-	56	1
AFIR members	60	-	60	1

67=retirement age in the National Insurance Scheme

PORTUGAL
Instituto dos Actuários Portugueses

1. Workshops

There was a workshop about the use of Excel in actuarial science presented by Luís Melo Breyner.

2. Formation of Non-Life Actuaries

Program Actuary 1997

The Program Actuary 1997 had two disciplines in the second semester:

- A Priori Tarification, with Richard Verral;
- and Reinsurance, with Paul Kneuer

The course finished with these two disciplines and the remaining examinations will be held in the first semester of 1998.

Program Actuary 1998

A new edition of the program of 1995-1997 has started in October 1997. The first discipline was Statistics and Probability and the teacher was Maria do Carmo Marques.

There are 15 students in these courses.

SOUTH AFRICA
The Actuarial Society of South Africa

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Republic of South Africa

Fax: +27 21 509 0160
Internet: <http://assa.org.za>

1. New office-bearers

At the Annual General Meeting, which was held at the Eskom Conference centre near Johannesburg on 23 October 1997, Reg Munro succeeded Steve Handler as President. Blijnaut Gouws is the new President-elect. Adrian Baskir is the new Honorary Secretary, while Joubert Ferreira continues as Honorary Treasurer.

An amendment to the Constitution, agreed to at the above-mentioned AGM, formalised the office of Immediate Past President. Steve Handler, having been re-elected to the Council, thus became the first person to fill this post officially.

2. Annual Convention, 1997

A total of 231 people attended the ASSA Convention, which was held on 22 and 23 October. Particularly welcome guests were Chris Daykin (Immediate Past Chairman: IFAA),

Malcolm Murray (Past President: Faculty of Actuaries) and Paul Grace (President: Faculty of Actuaries). Furthermore, one of the papers, dealing with the dynamics of the German life insurance market, was presented by the Executive Director of the Hannover Re Group, Dr Wolf Becke. Local papers which elicited lively responses were those dealing with a new profit-reporting basis for life insurers, investment risk and asset modelling, and retirement fund conversions. An interesting and dynamic panel discussion on the impact of South African health care reforms concluded the Convention.

The Continuous Statistical Investigations Committee formally released the SA 85-90 mortality tables at the Convention. The tables, as well as the papers, may be found on the ASSA website, at the above address.

3. Sessional meetings

Apart from regular sessional meetings, a number of "Ask the Experts" sessions have been arranged. These will cover investment matters, developments in South East Asia and pension law issues. Seminars of life assurance and short term insurance matters have been scheduled.

The major item on the programme for 1998 is the Jubilee Convention, when the Actuarial Society of South Africa celebrates its fiftieth anniversary. Those who wish to attend the Convention are invited to contact the Jubilee Convention Secretariat at the ASSA fax number for more details.

4. Other activities

Parliament will consider various pieces of legislation in the course of this year and Council will take care to ensure that the interests of the profession are protected. In particular, close attention will be paid to the Long Term and Short Term Insurance Bills, both of which are standing over from 1997. Other Bills which ASSA may wish to respond to are those dealing with financial control measures and retirement issues.

Council is preparing to respond to a recently published draft White Paper (i.e. government policy document) on the Motor Vehicle Accidents Fund.

The ASSA Retirement Matters Committee is working on a Professional Guidance Note dealing with the asset structure of retirement funds.

The relationship between actuaries and auditors in the long term insurance industry is still receiving attention. A paper dealing with this matter is being prepared for the 1998 Convention.

The question of proper disclosure to the various sectors of the South African public will be discussed further with the regulating authorities, i.e. the Financial Services Board

(“FSB”). This emanates from a recent invitation by the FSB to participate in the drafting and/or improving of policyholder protection rules.

South Africa’s first Pensions Adjudicator, who has to deal with complaints by members of registered pension funds, was appointed recently and ASSA is looking forward to establishing a sound working relationship with him.

SWEDEN

Swedish Society of Actuaries

On December 31, 1997, the Society had a total of 235 members. Of these, 37 were associates and 65 AD (Actuaire Diplômé). Of the 235 members 92 are members of IAA, 53 are members of ASTIN and 41 of AFIR.

In 1998, the Board of the Society has the following members: Mr. Harry Wide (President), Ms. Marie-Louise Wenander (Vice President), Mr. Roland Svensk (Secretary), Ms. Eva Gustafson and Ms. Ingrid Wrebo.

In 1997, the Society had 6 meetings:

- February 19** Actuary on the London-market (Torbjörn Magnusson, Skandia)
- April 2** National Social Insurance Board and the new pension-system (Arne Paulsson)
- May 13** Risk theory in practice – an historical survey (Teivo Pentikäinen)
- September 23** Report from a seminar on mortality (Nils Wikstad and Bo Rennermalm)
- October 29** Aviation insurance and statistics (Erik Svantesson and Elsa Rydman, Skandia)
- November 27** Public employees’ pension in change (Hans Gidhagen, SAF, and Eva Gustafson)

The mailing address of the society is

Swedish Society of Actuaries
c/o Swedish Insurance Federation
P.O. Box 1436
SE – 111 84 Stockholm
Sweden

SWITZERLAND

Swiss Association of Actuaries

1. Board

Honorary President	H. Bühlmann
President	H. Lüthy
Vice-President	P. Diethelm

Treasurer
Members

R. Zufferey
M. Chuard
P. Embrechts
H.U. Gerber
Ms. M.-T. Kohler
K. Matt
R. Ruchti
A. Schneiter
P. Streit
D. Thomann

2. Membership

At the end of November 1997, the SAA had 853 ordinary members and 33 corporate members.

3. Summer School / École d’été 1997

The 14th International Summer School was held from 21st to 25th July 1997 in Lausanne, Switzerland. Attending were 69 students, actuaries and mathematicians, representing 19 different countries. The lectures on the topic “Asset/Liability Management: Immunization to the Theory of Option Pricing” were given by Professors Elias S.W. Shiu (Scientific Director), Sam Cox, Hal Pedersen and H.U. Gerber. A detailed review of the Summer School has been published in Bulletin 1997/s.

4. Work Groups

The three work groups dealt with the following topics in 1997 (German titles have been translated and marked with a (G)):

Pension Insurance

(headed by Mr. D. Mazouer, Geneva)

•Mr. B. Berset

“L’expérience des caisses maladie dans le cadre de la nouvelle loi”

•Mr. G. Becher

“International experience in medical coverage”

ASTIN

(headed by Mr. A. Dubey, University of Lausanne, Lausanne)

ASTIN Group (Prof. A. Dubey) together with Pension Insurance Group (Mr. D. Mazouer) organized by a common meeting on June 5 in Lausanne, Topics: “Profit Testing” and “An Börsenindizes gebundene Lebensversicherung”

ASTIN Group Switzerland together with ASTIN Group Germany organized a common meeting on October 23 in Winterthur. Topics: Various actuarial matters.

Furthermore, the ASTIN Group dealt with the following topics:

•Mr. L. Schenker
“Maîtrise des coûts de la santé”

•Professor H. Schmid
“Prämienberechnung für die obligatorische Krankenpflegeversicherung”

EDP
(headed by Mr. O. Haugerm Basle)

•Dr. L. Pirktl
“Data Warehouse and its use in health insurance” (G)

•Dr. B. Seifert
“Statistical Methods in Medicine” (G)

5. 1997 Annual Meeting, September 6, Zurich

Three lectures were given:

•Mr. A. Schneiter
“Entwicklungstendenzen der beruflichen Vorsorge in der Schweiz”

•Dr. M. Chuard
“L’Association suisse des actuaires dans le contexte international”

•Professor Elias S.W. Shiu
“Asset and Liability Management”

Ms. H. Hutter and Professor E.S.W. Shiu were appointed corresponding members

6. Announcement of Future Meetings

1998 Annual Meeting of the Swiss Association of Actuaries: Montreux, September 4-5

Contrary to the usual Summer School, a Congress will take place entitled “Second International Congress on Insurance: Mathematics & Economics” Lausanne, July 20-22

13 March 1998, Mirella Jolliet, Secretary to Dr. H. Tobler

TAIWAN, REPUBLIC OF CHINA

The Actuarial Institute of the Republic of China

A. ANNUAL CONVENTION

1. Annual Convention

A highly successful convention was held in Taipei, Taiwan on October 7-8, 1997. Over six hundred members attended

the meeting. In addition to business sections, active reports and the presentation of 23 certificates of new fellows (FAIRC), it was our pleasure to have some special guests from abroad attend the Convention and give the paper presentations for us. They were:

•Ms. Diane Chung Council Member
The Institute of Actuarial Society of Hong Kong

•Mr. Satoru Yonetani Vice President
The Institute of Actuaries of Japan

•Mr. Masatoshi Karneda Director
The Institute of Actuaries of Japan

•Mr. Yuan Chang Vice President
Society of Actuaries

In the meantime, we had a Panel Discussion, two keynote speeches and ten papers presented by domestic delegates during the Convention.

2. Study Programs

A series of courses were offered to the members of the Institute:

- (1) Courses on “Statement of Financial Accounting Standard Number 18-Accounting for Pension:”
- (2) A course entitled “Life Insurance Cooperation Financial Management;”
- (3) A course entitled “Stock Market Analysis & Investment Portfolio;”
- (4) Courses on “Theory of Interest, Actuarial Mathematics, Foundations of Casualty Actuarial Science and Pension Mathematics for Actuaries.”

9. REPORTS FROM OTHER ASSOCIATIONS

GRUPE CONSULTATIF DES ASSOCIATIONS D'ACTUAIRES DES PAYS DES COMMUNAUTÉS EUROPÉENNES

Napier House
4 Worcester Street
Oxford OX1 2AW, UK

Secretary: John Henty
Telephone: (44 1865) 794144
Telefax: (44 1865) 205010
E-mail: groupecon@actuaries.org.uk

1. The 20th Annual Meeting of the Groupe Consultatif took place in Dublin in October 1997. The officers elected for 1997/98 were:

Chairman	Henri Laurent (France)
Vice-chairmen	Holger Dock (Denmark) Manuel Perais (Spain)

2. At the annual meeting, the Union Strasbourgeoise des Actuares and the Col.legi de Actuaris de Catalunya were admitted as full members of the Groupe. There are now 20 actuarial associations represented on the Groupe as full members with Observer member associations in Iceland, Norway and Switzerland.
3. The Groupe has updated its Agreement on the Mutual Recognition of Qualifications. Under this Agreement each member association must provide for the admission as a full member of any actuary who is a national of a Member State of the EU and who is actively pursuing the profession in the Member State to which he is applying for Membership. The benefits of the Agreement have been extended to the actuarial associations in the observer countries, Iceland, Norway and Switzerland.
4. In July 1997, the Groupe's Insurance Committee organized a seminar on mortality in Edinburgh which was designed to compare and discuss the different approaches to monitoring future trends in mortality in the EU countries, the various models used and the methods and bases used for such forecasts. Speakers outlined the sources of their data, the approach and the formula they used to forecast the future mortality, particularly for pensioners and annuitants. The results

were then discussed, with illustrations of each model shown by track record and forecast, and the use of forecasts in industry.

The seminar gave participants a better understanding of the approach adopted in other countries, with some of the differences highlighting the difficulties of operating a successful single market.

5. The Groupe organized a seminar in Zandvoort, Netherlands in July 1997 to consider the replies it had received from Member Associations on its proposed core syllabus for actuarial training in Europe. There was much support for the core syllabus, although a number of concerns were expressed at the level of detail, some believing it was too great, others insufficient. It was agreed to do further work on the framework and objectives so as not to be too prescriptive. The main topic headings in each subject area will be identified, indicating the degree of flexibility under each, with some topics being a fundamental core activity, others part of a menu from which a selection could be made.

The draft core syllabus is being revised to reflect the discussion at the seminar. It is proposed to identify relevant literature in each subject and possibly prepare a definition of the terminology in each subject area.

The Groupe is co-operating in its work with the Education Subcommittee of the International Forum of Actuarial Associations which is developing guidelines for an internationally recognized actuarial qualification.

6. In September, the Groupe's 10th Colloquium was organized in Barcelona by the Instituto de Actuarios Españoles and the Col.legi d'Actuaris de Catalunya. The theme was "*Interest Risk in Insurance and Pensions – an Actuarial Approach.*" The Barcelona Colloquium Prize for the best paper by a young actuary on the Colloquium theme was shared by J. Inaki de la Peña (Spain) and Andrew Cairns (UK).

The Groupe's 11th Colloquium will be held in Luxembourg on 23 October 1998. The subject will be "*Actuaries and the Trend towards Privatization of Compulsory State Pension Schemes.*"

7. During the year, the Groupe met representatives of the EU Pensions and Supervisory Authorities in Brussels for the latest in their series of annual meetings. The

pensions meeting considered actuarial assumptions for funding and solvency purposes, and pension fund investments, while the insurance meeting discussed actuarial issues arising out of the introduction of the single currency, and actuarial issues of legislation on anti-discrimination, including genetic testing. Both meetings concluded with a reception, giving opportunity for further informal discussion.

8. The Groupe continued its twice yearly informal meetings with representatives of Directorate General XV of the European Commission (Internal Market and Financial Services) to discuss wide-ranging issues of mutual concern.
9. In December 1997, the Groupe responded to the European Commission's Green Paper on Supplementary Pensions in the Single Market. The response was in two parts firstly offering general remarks on some of the issues associated with the provision of supplementary pensions in the single market and secondly answering a number of specific questions asked in the Green Paper.

In its general remarks, the Groupe considered six issues:

- problems that are having to be faced as the result of demographic changes that are taking place in all Member States and the effect that these changes will have on the financing of the State pension schemes in the first pillar. The Groupe observes that one approach might be to introduce an element of funding into existing pay-as-you-go schemes and to increase the level of funding in those schemes that are already partially funded. It goes on to point out the extreme diversity of pension arrangements in the second pillar, where most of the schemes are funded, but there are some significant schemes financed on a pay-as-you-go basis.
- how the involvement of life insurance undertakings in the provision of second pillar pensions can take several different forms, and that the nature and extent of the risks assumed by the life insurance undertaking will depend very much on the form of the contract. Its pension business may form only a part of its business as a whole. Second pillar pension schemes, on the other hand, have a specific purpose related to the provision of pensions for a defined group of people. Third pillar pensions are catered for largely by life insurance undertakings, but to some extent by pension funds in some Member States.

- it draws attention to differences related to sponsorship, contributions, guarantee, benefits, competition and prudential supervision.
 - it stresses the importance of considering the assets in relation to the liabilities, and of paying proper regard to asset and liability management.
 - how far the emerging problems might be alleviated by increases in State pension ages and by encouraging increases in the ages at which people actually retire.
 - whether existing pension arrangements correspond closely enough to people's needs, and drawing attention to the developing market in long term care.
10. During the year the Groupe published its Second Actuarial Study of Mortality in the EU, under the editorship of A S Macdonald FFA. This edition updates and expands on the first study, published in 1986, and the number of contributing associations is much greater, including Iceland, Norway and Switzerland. A larger number of the associations contributing to this edition carry out an investigation of assured lives mortality than was the case in 1986. In some EU Member States, the Third Life Directive has loosened the regulatory control of the mortality bases for tariffs and for reserving.

Further details of the publication, which is accompanied by a disk containing most of the tables referred to in the text, can be obtained from the Groupe Secretary.

10. TABLE OF CONTENTS OF ACTUARIAL JOURNALS

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A Special Interest Section is a group of Society members organized to study and discuss their common function and professional interests and to contribute information to the actuarial profession. Sections are successful because their members get involved. They are structured but flexible so as to be responsive both to the needs of the profession and to the specific needs of their members. Society members can discuss their special interests at the Section level with other members and still be served professionally through the Society structure.

Sections publish newsletters and special reports, plan Society meetings and seminars, hold breakfasts and luncheons with

guest speakers at Society meetings and support actuarial research efforts. Section members are eligible to vote in Council elections and to hold office in the Section to which they belong.

People in the actuarial profession and related fields in the United States, Canada, and other countries who are not members of the Society of Actuaries have the opportunity to take advantage of these special interest groups. Nonmembers can subscribe to one or more special interest Sections in order to receive their mailings and to be invited to participate in seminars and other Section-sponsored programs. It is a good opportunity to keep abreast to actuarial advancements and activities in North America.

Section	Dues \$	Subscription \$
Actuary of the Future Section	\$10.00	\$15.00
Computer Science Section	10.00	10.00
Education & Research Section	15.00	15.00
Futurism Section	10.00	15.00
Health Section	20.00	20.00
Individual Life Insurance and Annuity Product Development Section	10.00	20.00
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