



IAA Newsletter – March 2004

All underlined text is a link to an Internet web site. Click on the link to read the document.
Past issues are available [through this link](#).

Officers for 2004

Luis Huerta, President
Alf Guldberg, President-Elect

Yves Guérard, Secretary General
W. James MacGinnitie, Immediate Past President

Remembering Past President Catherine Prime – 1942-2004

What is Due When?

In the News

- [Where is the April Issue of the IAA Bulletin?](#)
- [Reserve Your Copy Today: A Global Framework for Insurer Solvency Assessment: A Research Report by the IAA's Insurer Solvency Assessment Working Party](#)
- [Will You be Ready When International Actuarial Standards for Application with Accounting Standards Come Into Force in 2005?](#)
- [The Canadian Institute of Actuaries Hires a New Executive Director](#)

Events

- [IAA Events You Won't Want to Miss!](#)
- [Other Future Events](#)
- [Reports on Recent Events](#)
- [Long Range Planning](#)

Update on the Work of IAA Committees

- [Committee on Education](#)
- [Committee on Insurance Regulation](#)
- [Committee on Services to Individual Members](#)

Reports from Member Associations

- [Deutsche Aktuarvereinigung \(DAV\), \(German Association of Actuaries\)](#)
- [Persatuan Aktuari Malaysia](#)
- [Ukrainian Actuarial Society, Ukraine](#)
- [Institute of Actuaries, U.K.](#)
- [Society of Actuaries, U.S.](#)
- [News from National Associations re Professionalism Issues](#)

[Click Here to Join the Newly Formed IAA Health or Pensions, Employee Benefits and Social Security Sections, or One of the Existing Sections: AFIR, ASTIN or IACA](#)

The IAA Web Site Strives to Remain User Friendly

Research in Progress

- [Deutsche Aktuarvereinigung \(DAV\), \(German Association of Actuaries\)](#)
- [Casualty Actuarial Society, U.S.](#)
- [Society of Actuaries, U.S.](#)

Remembering Past President Catherine Prime – 1942-2004



It was with great sadness that the international actuarial community learned of the passing of Catherine Prime on February 11, 2004. Catherine's contributions to the globalization of the actuarial profession, which began with her involvement in the McCrossan Group in the early 1990s, are numerous. (*The McCrossan Group was subsequently renamed the International Forum of Actuarial Associations and admitted as a Section of the IAA in 1995.*) Catherine was elected President of the IAA for the year 2000. In addition, she also served as chairperson of the Advice and Assistance Committee from 1996 to 1998; the Nominations Committee in 2001; the China Subcommittee in 2003; and as a member of various other committees. In November 2003, she was awarded a plaque of recognition by the IAA Council for her service as chairperson of the Committee on Advice and Assistance. Catherine was instrumental in organizing the meeting for leaders and

educators of the actuarial profession for the Asia Pacific region held in Manila in October 2003, along with forging the IAA's relations with the Asian Development Bank (ADB) through a successful meeting with representatives from the ADB in Manila in October 2003. She worked very hard with Jean Berthon in establishing the Section of Actuaries Without Frontiers, which was approved by Council in November 2003. She was also involved in the restructure of the IAA membership categories in 2003 which saw the introduction of new categories. Her contribution and dedication to the development of the actuarial profession internationally will be missed by all who worked with her, but will continue to thrive through her many initiatives.

In Catherine's memory, a donation was sent to the Sydney Breast Cancer Foundation of The Royal Prince Alfred Hospital in Sydney, Australia, on behalf of the International Actuarial Association.

The obituary published by the Institute of Actuaries of Australia, her home association, is [attached](#).

What is Due When?

May 18, 2004:

[Voting Ballot to Release the Response to the IASC on its Foundation Constitution Review](#)

In the News

Where is the April Issue of the IAA Bulletin?

If you are looking for the April issue of the IAA Bulletin, look no further. As of this issue of the Newsletter, the biannual IAA Bulletin will no longer be published as a separate document. All articles received for the Bulletin were integrated into this Newsletter. Some of the material in the Bulletin overlapped; centralizing the information in the quarterly Newsletter will make all contributions available on a more timely basis.

[Reserve Your Copy Today](#): A Global Framework for Insurer Solvency Assessment: A Research Report by the Insurer Solvency Assessment Working Party of the International Actuarial Association

The long awaited report of the IAA's Working Party on Insurer Solvency Assessment is in the final stages of publication and will be available for purchase in early May. Keep your eye on the IAA's home page!

Will You be Ready When International Actuarial Standards for the Application of Accounting Standards Come Into Force in 2005?

A special Newsletter was issued on March 30, 2004 reporting on the possibility of introducing international actuarial standards for application with accounting standards in 2005. Please read the [attached Newsletter](#) carefully to ensure you are aware of the work underway and how it might affect you.

The Canadian Institute of Actuaries Hires a New Executive Director

The Canadian Institute of Actuaries (CIA) is very pleased to announce the appointment of Daniel Lapointe to its Executive Director position in Ottawa. Daniel will be replacing Rick Neugebauer who is retiring after 11 years of dedicated service to the Institute.

Daniel brings a wealth of knowledge and expertise to the CIA after having worked his entire professional career in the not-for-profit sector. With his experience in government and public relations, Daniel hopes to help the Institute realize its goals and develop into the future. His management style is about teamwork where each individual contributes his or her expertise to the common goals of the organization. He also believes in empowering people to realize their full potential and encouraging them to participate in the decision making process. Daniel believes strongly that the CIA's dedicated volunteers are the strength of its organization and they should be fully supported in their service to the Institute.

Daniel has lived a very full life in the city of Montréal where he graduated with an MBA from l'École des Hautes Études Commerciales at the University of Montréal. He also received a Masters degree in Political Science from the University of Québec at Montréal. Daniel is looking forward to living in Ottawa where he can enjoy Canada's capital city, but still be less than a couple of hours away from Montréal!

Daniel, who is fluently bilingual in French and English, will assume his new responsibilities on May 3, 2004.

Events

IAA Events You Won't Want to Miss!

[2nd IAHS Colloquium](#)

April 27-29, 2004 - Dresden, Germany

[IAA Council and Committee Meetings](#)

June 3-5, 2004 - Stockholm, Sweden
If you plan on attending the meetings, but have not yet registered or made your bedroom reservation, please do so as soon as possible. Details are available online.

[XXXVth ASTIN Colloquium](#)

June 6-9, 2004 - Bergen, Norway

[IACA Conference](#)

October 31, 2004 to November 3, 2004
Sydney, Australia

IACA and the IAA Invite You to Sydney By Mike Mills, Secretary Treasurer

Many have said that this century is going to be the century of Asia. Come to Sydney in beautiful warm Australia and join colleagues from around the world as prominent speakers from China and other Asian countries share their thoughts on how consulting actuaries can develop their practices in this exciting region. Sunday, October 31, 2004 will kick off a week of sessions with a great variety of topics and speakers arranged jointly by the International Association of Consulting Actuaries (IACA) and The International Actuarial Association (IAA) Pension Section. The topics of the IACA sessions will focus on consulting opportunities and challenges. There will be something for all as the sessions will cover investment topics, insurance and risk, and new fields of practice. The IAA Pension sessions will focus on demographic and social security issues. There will also be plenty of time for some fun and social interaction (November 1st is a big party day in Australia with the running of the Melbourne Cup horse race), and the chance to taste some good Aussie wine!

[XIVth AFIR Colloquium](#)

November 7-10, 2004 –
Boston, Massachusetts, US

Financial Risks Seminar

November 10, 2004, Boston,
Massachusetts, US

[IAA Council and Committee Meetings](#)

November 11-13, 2004
Washington, DC, US

[28th International Congress of Actuaries](#) *Pre-registration is now open*

May 28 – June 2, 2006 – Paris, France

Other Future Events

May 20-22, 2004, Québec City – Canada: "Dependence Modelling: Statistical Theory and Applications to Finance and Insurance" (DEMOSTAFI). This conference is a sequel to the series of conferences on copulas, dependence models and their applications that were held in Rome (1990), Seattle (1993), Prague (1996) and Barcelona (2000). The purpose of this conference is to bring together researchers interested in modelling stochastic dependence and measuring its effects in statistics, actuarial science and finance. The meeting aims to attract copula specialists and statistical researchers interested in their development and use in characterizing and modelling of dependence (stochastic orderings, distributions with fixed marginals, etc.). Emphasis will be on applications of the relevant concepts and inferential techniques in the fields of actuarial science and finance, which are thriving at present. The "technological transfer" aspect of the conference will be especially important; for example, several survey talks by world specialists have been planned. For additional information about this meeting, registration material and so on, please visit the conference website at www.fsa.ulaval.ca/demostafi/

June 14-16, 2004 – Rome, Italy: 8th International Congress on Insurance, Supported by the Istituto Italiano degli Attuari www.ime2004rome.com

August 2-6, 2004, Lausanne, Switzerland: 17th International Summer School 2004 of the Swiss Association of Actuaries on Equity and Interest Rate Models: Theory and Applications. **Registration closes April 30, 2004.** [Details](#)

September 2-4, 2004, Samos, Greece: [3rd Conference in Actuarial Science & Finance](#)

September 10, 2004, München, Germany: [Groupe Consultatif Colloquium](#)

Report on Recent Events

- **November 26-27, 2003 – 2nd International Education Seminar:** In conjunction with the Groupe Consultatif Actuariel Européen, the IAA Education Committee helped organize the 2nd International Education Seminar in Berlin, Germany. [Presentations](#) given at this Seminar are attached.
- **February 9-11, 2004, Kuala Lumpur, Malaysia – Financial Stability Institute (FSI):** Tony Coleman, member of the Working Party on Insurer Solvency Assessment, presented the Working Party's report to the FSI's Seminar for Insurance Supervisors in South East Asia on Risk and Capital Adequacy. In addition, Tony also presented the report to the Malaysian Society of Actuaries, the Australian Prudential Regulation Authority, the Institute of Actuaries of Australia and to the Singapore Actuarial Society.
- **February 12, 2004, Brussels, Belgium – Centre for European Policy Studies (CEPS):** Representing the IAA, Stuart Wason, Chairperson of the IAA's Working Party on Insurer Solvency Assessment, made a presentation ([attached](#)) at the Second Meeting of the CEPS' Task Force on The Future of Insurance Regulation and Supervision in the EU.
- **February 15, 2004, New York, U.S. - IAA/ILO Consultation Meeting – The Role of Actuaries in Social Protection:** The IAA was well-represented at this event through the participation of Rob Brown (Education Committee), Cecil Bykerk (Education Committee), Chris Daykin (A&A, Professionalism, PBSS), Philippe Maeder (Supranational Relations) and Craig Thorburn (Pensions and EB). Special thanks to all our representatives, and in particular to Philippe for helping with the organization. Read the [minutes of the meetings and the presentations](#) online.

- February 18-19, 2004, New Delhi, India – 6th Global Conference of Actuaries:** President Luis Huerta represented the IAA at the very successful 6th International Global Conference of Actuaries. The Actuarial Society of India (ASI) currently has 200 fully qualified actuaries, with a constantly growing number of actuarial students which, in February, amounted to over 2000. The conference was attended by over 300 actuaries, mostly from India, with at least 40 participants from other countries. The approximately 25 papers presented were of good quality and the discussions were of a very high level. President Huerta, who participated in the pre-conference dinner on Tuesday, made a presentation on Education and launched the ASI journal. He also gave a presentation on the IAA at the opening session on Wednesday and the [valedictory address](#) at the closing session on Thursday. In addition, he chaired one of the sessions on Thursday. R. Kannan, member of the IAA's Working Party on Insurer Solvency Assessment, presented the Working Party's report. All presentations are available online.
- February 24, 2004, New York City, U.S. – GARP Annual Risk Management Convention:** Stuart Wason and Allan Brender, respectively Chairperson and Member of the Working Party on Insurer Solvency Assessment, presented the WP's report to the GARP Annual Risk Management Convention in New York City.
- February 26, 2004, Lisbon, Portugal - Insurer Solvency Assessment – Towards a Global Framework:** Jukka Rantala, Chairperson of the IAA's Committee on Insurance Regulation, and Stuart Wason, Chairperson of the IAA's Working Party on Insurer Solvency Assessment, participated in the Meeting of the IAIS Solvency Sub-Committee in Lisbon, Portugal. [Presentations](#) are available online.
- March 29-31, 2004, Manila – ADB/OECD Conference on Private Pensions:** Paul Thornton, Chairperson of the IAA's Committee on Pensions and Employee Benefits, made a presentation on behalf of the IAA on issues related to the role of actuaries in pensions funds and insurance companies. His presentation will be available on the Web site shortly.

Long Range Planning

The International Actuarial Events Calendar is the perfect tool for your long range planning. Visit it often through the link on the [IAA's home page](#). Member associations are encouraged to post their events in the calendar to make the tool as useful as possible.

Update on the Work of IAA Committees

Education

The IAA Education Committee met jointly with the Accreditation Committee in Berlin in November 2003 in an effort to further the development of the criteria for fulfilling the IAA Education guidelines. A revised document had been developed and released as part of the Berlin Committee agenda. During the joint meeting, the Assessment Process document was extensively reviewed. Numerous revisions were discussed and noted. It was agreed that the process document would be revised using a consensus of the comments from the meeting. Such a revision was completed and was forwarded to both the Education and Accreditation Committees with a deadline of December 20, 2003. The Working Group of the Education Committee next met in London on January 26, 2004 in order to consider the document in light of any new comments. A subsequent revision was then exposed to the Working Group during February 2004. Following minor revisions as a result of that exposure, the document is currently out for exposure to the entire Education and Accreditation Committees. This exposure period ended toward the end of March 2004. Any necessary changes will be made and the final draft will be discussed at the meeting Stockholm in June 2004.

During the joint meeting in Berlin in November, it was also discussed that we need to begin to develop a Review Committee Process. The direction was to set up Member Organization specific committees with about three members, the Chair of which would need to be a member of the Education Committee, but the other members would not need to be. The exact structure, process, etc., of this Review effort must still be designed. However, a volunteer pool is already being solicited.

[Cecil Bykerk](#), Chairperson

Insurance Regulation

- The voting period for Full Member associations on the report of the Working Party on Insurer Solvency Assessment is now complete and the report is being finalized for final publication in April 2004.
- The new Solvency Subcommittee has been formed and the list of members is nearly complete. The purpose is that the IAA SSC and the Groupe Consultatif's project for the Solvency II will have a close cooperation.
- Volunteers to the IAIS Task Force on the Core Curriculum have been announced.

Tony Coleman presented the WP report in Kuala Lumpur in February 2004 to a meeting organized by the Financial Stability Institute. He also then presented to a meeting of the Institute of Actuaries of Australia. R. Kannan presented to the Indian Global Conference of Actuaries in New Delhi also in February 2004. Stuart Wason and Allan Brender presented to GARP Annual Risk Management Convention in NYC on Feb 24. Peter Boller also presented to the DAV in Germany recently.

[Jukka Rantala](#), Chairperson

Services for Individual Members

- New terms of reference have been agreed by the Nominations Committee and are on the Council agenda for the meeting in Stockholm on June 5, 2004.
- The committee will be developing guidelines for future Congresses and also thinking about the way it handles bursaries.
- The committee will give more thought to the question of Individual Members.
- At the Stockholm meeting, the committee will look at the definition of an IAA Section – what does it mean to be a section?
- Thinking of sections, there remains a glaring omission – Life Assurance. The committee is looking for a Life enthusiast who will take it upon himself or herself to develop a Life Section. Please let the committee know if you are that enthusiast!

[Peter Clark](#), Chairperson

Reports from Member Associations

Deutsche Aktuarvereinigung (DAV) (German Association of Actuaries)

Unter Sachsenhausen 33
50667 Köln Germany

Managing Director: Michael Steinmetz
Phone: 49 221 912 554 0 Fax: 49 221 912 554 44
eMail: info@aktuar.de Web : www.aktuar.de

Editorial office of *Blätter der DGVMF*:
Prof. Dr. Christian Hipp
Lehrstuhl für Vers.Wissensch.
Universität Karlsruhe (TH)
Postfach 6980, 76128 Karlsruhe Germany

The journal *Der Aktuar* is published quarterly. Please contact the publishing house for information on subscription or single copies:

Verlag Versicherungswirtschaft GmbH
Postfach 6469, 76044 Karlsruhe Germany
Phone: 49 721 35 09 0
Fax: 49 721 3 18 33

Editorial office is the bureau of the Deutsche Aktuarvereinigung e. V.

1. Members and Students

DAV:
2080 full members

DGVFM:
2110 full members, most of them members of the DAV
122 corporate members

DAA:
1337 students

2. Jubilee and autumn conventions

On November 20 and 21, 2003, the German Association of Actuaries celebrated its 100 year anniversary in Berlin.

The autumn conventions of the AFIR and the LIFE group of the DAV were on November 20. A summary of the lectures is given – in German language – in our journal “Der Aktuar”, volume 9, n° 4, pages 112-115.

The festival evening was on November 20 and the festival celebration in the morning of November 21. A summary of the events and the speeches is given – in German language – in our journal “Der Aktuar”, volume 9, n° 4, pages 106-112. The speeches are also available as a download from our homepage www.aktuar.de. Please follow the path Information, Festschrift, Historischer Rückblick.

Persatuan Aktuari Malaysia

Persatuan Aktuari Malaysia (Actuarial Society of Malaysia or ASM) was founded on October 5, 1978 and was accepted as a Full Member Association of the IAA on October 20, 2003.

Our membership has grown significantly in recent years, indicating an increasing interest in the actuarial profession as a choice career. This also matches the increasing demand for actuarial expertise as a result of growth in capacity and complexity of the financial sector and increased competition due to increased foreign participation. Currently, we have 290 members of which 42 are Fellow members (other classes of membership are Associate, Student and Observer).

Whilst continuing to be a platform for exchange of ideas and social networking, the past decade has seen increased involvement of ASM in shaping the local insurance regulations. Presently, we are represented in the Joint Working Committee (along with the regulators and insurance industry representatives) to design a Risk Based Capital framework for the insurance industry. We have also provided consultation to the regulators on the Appointed Actuary system, IBNR claims reserving and more recently, Dynamic Solvency Testing and Funding of Solvency Margin with Participating Fund Estate.

We are also active participants in regional developments, being a founding member society of the East Asian Actuarial Conference. We also hosted the 2nd International Professional Meeting of Leaders of the Actuarial Profession and Actuarial Educators in Asia and the Pacific in 2000.

We do not offer professional examinations and certification, although substantial resources are devoted to organising sessions on examination preparation and continuous professional development seminars. We are continuously working towards becoming a fully-fledged professional body with a recognised examination and accreditation system. A huge step in this direction was becoming a Full Member Association of IAA. We look forward to contributing towards the advancement of the profession internationally.

The current Executive Committee was elected at the Annual General Meeting of the Society in May 2003:

President	Teh Loo Hai
Vice President	Steven Visvalingam
Immediate Past President	Mohamed Hassan Kamil
Secretary	Yoon Yew Khuen
Treasurer	Loo Boon Teik
Committee members	Raymond Lai
	Danny L.Quant
	Edwin Peh
	Aiza Yasmin Benjamin

Four subcommittees have been set up to focus on four vital areas: Communication, Professional, Education and Events.

Reports on Past Events

1. Silver Jubilee Celebrations

The Actuarial Society of Malaysia celebrated its 25th birthday on 18 December 2003 at the J.W. Marriott Kuala Lumpur. More than 130 members of the Society and guests, including a remarkable attendance of the Society's Past Presidents, gathered to celebrate the spectacular milestone of the Society. The event was graced by the presence of the Director of the Insurance Regulation Department, Bank Negara Malaysia, Mr Donald J. Jaganathan as the Guest of Honour, together with the Director the Insurance Supervisions Department, Bank Negara Malaysia, Mr. Sani Abdul Hamid.

The celebration kicked off with a series of presentations with a broad theme on general insurance. After his welcome address, the President announced the acceptance of Actuarial Society of Malaysia as a Full Member Association of the IAA. Our Guest of Honour then addressed the profession. He urged the profession to increase its participation in general insurance and corporate governance. He also launched the new ASM website (www.actuaries.org.my) The evening then continued with a sumptuous international buffet followed by a cake cutting ceremony to mark the coming of age of the Society.

Although the Society may still be an infant by international standards, it has come a long way in developing the actuarial profession in Malaysia. With the dynamic office bearers and highly enthusiastic members, the Society is undoubtedly geared for many exciting events in the near future. The last quarter of a century has witnessed tremendous changes to the profession and we are all excited with the prospect and opportunities that are in store for the next 25 years.

2. 13th Malaysian Education Fair

In December 2003, the ASM participated in an Education Fair to promote the actuarial profession to the Malaysian public. This awareness campaign is a big step towards the enlightenment of the actuarial profession among the younger generation of Malaysians in anticipation the increasing demand for actuaries in the distant future. Representatives from Bank Negara Malaysia, a local reinsurer, and various life insurance companies and actuarial consultancies came together as part of the ASM family to work hand in hand in promoting the actuarial profession. The volunteers, who are actuaries and actuarial students themselves, were filled with enthusiasm and fervour when taking questions from the crowd. The membership drive during the fair also saw more than 70 students signing up to be members of the ASM.

3. Presentation on Risk Based Capital

In early February, ASM was honoured to have Mr. Tony Coleman, Group Actuary of Insurance Australia Group and member of the IAA Insurance Solvency Assessment Working Party, drop by after hours for a short presentation on the report of the working party. This was followed by a lively and interactive discussion on risk-based capital, where Mr. Coleman gave us illuminating insights based on the Australian experience.

Upcoming Events

1. Annual General Meeting

ASM will be having its Annual General Meeting on 20th May 2004.

2. Joint Regional Seminar on Risk Management

ASM is pleased to host the Kuala Lumpur leg of this year's Joint Regional Seminar on Risk Management, 28th June 2004 at Mandarin Oriental Hotel Kuala Lumpur. This will be a full-day event with presentations on the following topics:

Risk Management Best Practices

Practical Risk Management Issues for Life Insurance Companies

Economic Capital

Equity Risk, Liquidity Risk and Credit Risk – Legal and Operational Risk Management

Global Study on Enterprise Risk Management for the Insurance Industry

Capital Market Consistent Valuations

This seminar is jointly sponsored and organised by the Faculty & Institute of Actuaries, Institute of Actuaries of Australia and Society of Actuaries China Regional Committee. Details will be published on our website: <http://www.actuaries.org.my/>

Developments in the Malaysian Insurance Industry

1. Medical and Health Insurance (MHI) Products

Bank Negara (the Central Bank) has issued a guideline on “Minimum Standard on Product Disclosure and Transparency in the Sales of MHI Policies” to both life and general insurance companies. Effective from 1 October 2003, insurance companies have to ensure that the prospective policy owners understand the basic and important features of a MHI product so that he/she is able to make an informed decision before purchasing the product, through disclosure in sales materials and enforcement of the use of checklist by agents. For the first time, general insurers are required to file their medical products (with certification from a qualified actuary) to Bank Negara for approval. In addition to that, an “MHI Underwriting Guide” has been developed- its purpose to ensure a minimum standard and consistency in MHI underwriting for the life and general insurance industry.

2. Draft Guidelines on Dynamic Solvency Testing (DST)

Bank Negara has issued draft guidelines that propose a minimum standard on Dynamic Solvency Testing (DST) for life insurers to be adopted. The draft guidelines on DST set out the minimum standards for the Appointed Actuary to carry out dynamic solvency testing to assess the ability of the insurer to withstand changes in the external economic environment, and in particular, the likely experience of such impact on the insurer. It contains a framework for the conduct of the DST, methodology to be used, scenarios to be tested, timeframe for projection and the Appointed Actuary’s comments on the results. The draft guidelines will eventually serve to complement the requirement under “Guidelines on Financial Condition Report”.

3. Risk Based Capital (RBC)

The financial sector masterplan provides for the establishment of prudential risk management standards for insurers. This will entail among others, an assessment and adoption of a risk based capital model that applies different capital requirements for different risk profiles based on an insurer’s asset structure and business mix. It is proposed that the new RBC model will ultimately replace the existing Solvency Margin Requirement. In 2001, Bank Negara has established a Joint Working Committee comprising representatives from Bank Negara and the insurance industry to work on the Risk Based Capital model. With the significant progress of the RBC project to-date, insurers will go through RBC preliminary testing starting 2004, while the Committee continues to fine-tune the above said model.

Ukrainian Actuarial Society, Ukraine

The main goal of this short article is to update IAA Members on the development of the actuarial profession in Ukraine. Such information would be of interest to qualified actuaries willing to make some contribution to the development process of the actuarial profession education and research in Ukraine.

In general, the actuarial profession is still not well-known in Ukraine, that is why the Ukrainian Actuarial Society (UAS) makes ever effort to promote it among students in universities, practitioners in industry and representatives of state authorities. In February 2003, the UAS established its Actuarial Education and Reference Centre (the Centre) on the basis of the International Institute of Education and Culture of the National University "Lviv Polytechnic" (Lviv, Ukraine).

The Centre launched its activity by organizing and hosting the 3rd UAS Meeting from February 7 to 8, 2003 at the National University "Lviv Polytechnic".

At present, the Centre officially represents the UK Institute of Actuaries (UK IoA) in Ukraine. An exam centre was established in 2002 in Kiev on the basis of the UAS and Taras Shevchenko National University of Kiev. The Centre also initiated the opening of the US Society of Actuaries (SOA) Exam Centre in Lviv. Ukrainian candidates now have the opportunity to sit for professional actuarial exams of both the UK and North American professional education systems. Dr. Nataliya Kravchuk, Coordinator of the Centre, is Supervisor of the SOA Exam Centre in Ukraine and also the local representative of the UK IoA in Ukraine.

It is anticipated that the Centre will organize regular professional actuarial exam training courses for the subjects of the 100 series examinations of the UK IoA and SOA/CAS subjects 1-6. These courses will help Ukrainian candidates in preparing for their professional actuarial examinations and will be taught by the competent lecturers from Taras Shevchenko National University of Kiev (Ukraine), Lviv Ivan Franko National University (Ukraine), National University "Lviv Polytechnic" (Ukraine), Belarus State University (Belarus), and State University of St. Petersburg (Russia).

The Centre has already organized exam training courses for subjects 101 "Statistical Modeling", and subject 102 "Financial Mathematics" in September 2003 and February 2004.

In addition to serving students, the Centre also serves researchers from universities and practitioners from insurance and financial organizations. One of the main activities of the Centre is the collaboration with its international actuarial partners from Australia, Belgium, Poland, Israel, Switzerland, Japan, USA, Canada and Russia. The aim is to organize series of regular Ukrainian Actuarial Workshops, such as:

1) First Ukrainian Actuarial Workshop - 3-4 June 2004, Lviv, Ukraine

"Risk Measures, Solvency and Dependencies (Copula) Modelling"

Lecturers: Prof. Jan DHAENE (Catholic University of Leuven, BELGIUM)

Dr. Emil VALDEZ (School of Actuarial Studies, University of NSW, Sydney, AUSTRALIA)

Dr. Maciej STERZYNSKI (University of Economics, Poznan, POLAND)

Web site: <http://workshops.lviv-actuaries.org/workshop-1>

2) Second Ukrainian Actuarial Workshop - 20-21 August 2004, Lviv, Ukraine

"Modern Actuarial Theoretical and Practical Topics of Life and Health Insurance"

Lecturer: Dr. Andrey KUDRYAVTSEV (Department of Insurance, Faculty of Economics, St. Petersburg State University, RUSSIA)

Web site: <http://workshops.lviv-actuaries.org/workshop-2>

3) Third Ukrainian Actuarial Workshop - April 2005

"Security for Social Security: Is Privatization the Answer?"

Lecturer: Prof. Robert BROWN (University of Waterloo, CANADA)

*Department of Risk Management and Insurance at
Georgia State University's Robinson College of Business, USA)*

4) Fourth Ukrainian Actuarial Workshop - June 2005

Leslie LOHMANN (Japan) "The Impact of Retirement Plans on the Economies of Employees, Employers and Society"

Zinoviy LANDSMAN (Israel) "Modern Credibility Theory and its Applications in Practical Actuarial Risk Analysis"

The Centre is also creating an actuarial library and electronic database of actuarial references, which are very important for further actuarial education and research in Ukraine. At present, the Centre already holds enough actuarial education material (UK IoA Core Readings) for 100 series subjects that have been donated by the UK Institute of Actuaries. Some textbooks/periodical literature has also been granted by the Casualty Actuarial Society (USA), the UK Institute of Actuaries, the Institute of Actuaries of Australia, the Katholieke Universiteit Leuven (Belgium), the University of Melbourne (Australia), and the Swedish Actuarial Society. The Agency "PADCO USAID (Ukraine)" also provides a great financial support in purchasing the most needed actuarial textbooks.

The Centre started to publish the electronic quarterly bulletin "The Ukrainian Actuary" in Ukrainian and plans to publish the half-yearly Ukrainian Actuarial Journal: Theory and Practice in both Ukrainian and English (the first issue will be available in early January 2005). Part "Theory" will contain research articles on a wide range of topics of actuarial science, financial economics, finance, and economics of insurance. Part "Practice" will contain mostly articles on empirical research in life and non-life insurance, health insurance, pensions, banking and investments. Both will be freely accessible through the web site of the Centre.

More detailed information about the Centre and its activities can be found on the web site

<http://www.lviv-actuaries.org/>
<http://workshops.lviv-actuaries.org>

Dr. Nataliya KRAVCHUK
Coordinator of the Actuarial Education and Reference Centre
of the Ukrainian Actuarial Society

Institute of Actuaries, United Kingdom

The Institute of Actuaries is pleased to announce that, at its Annual General Meeting on 30 June 2003, the following were elected as Honorary Fellows of the Institute.

- Professor Richard Blundell, Professor of Economics at University College, London.
- Bob Conger, Past President of the Casualty Actuarial Society.
- Professor Patrick Godfrey, Strategic Relations Development Director for Halcrow.
- The Right Hon. The Lord Hunt of Wirral, Senior Partner of Beachcroft Wansbroughs, Solicitors.
- Professor Julian Peto, Chairman of the Section of Epidemiology at the Institute of Cancer Research.
- Professor Chris Rogers, Professor of Statistical Science at Cambridge University.

In selecting the individuals put forward to the membership for election, Institute Council considered their credentials in depth. The six individuals elected to Honorary Fellowship are all extremely eminent in their field and judged by Council to be thoroughly worthy of the honour.

[Society of Actuaries, U.S.](#)

Neil A. Parmenter, President
 Consulting Actuary
 3021 38th Street, Des Moines, IA 50310
 Telephone: 515/255-6966
 Facsimile: 515/279-2501
 E-mail: nparmenter@soa.org

Stephen G. Kellison, President-Elect
 Consulting Actuary
 9301 Wickham Way, Orlando, FL 32836-5518
 Telephone: 407/909-0853
 Facsimile: 407/909-1372
 E-mail: skellison@soa.org

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
- Multidisciplinary topics providing useful insight to practicing 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 contact information) of up to three potential reviewers for the refereeing process. Electronic submissions in Microsoft Word are preferred and can be submitted via e-mail or on 3.5" disk. For a copy of the Submission Guidelines for Authors, please contact Kimberly J. Wargin, Editorial Assistant, at 847/706-3529, or via e-mail (kwargin@soa.org).

Subscription Information

The *North American Actuarial Journal* is published quarterly at the following rates: 1 year (4 issues) for \$95.00 or \$25 for a single issue (prices in U.S. dollars). Send your name, company name, full mailing address, and either a check or credit card information (MasterCard, Visa, and American Express are accepted; include card number, expiration date, telephone number, and signature) to the Publication Orders Department at the following address:

Send Credit Card Orders to:
 Society of Actuaries
 Publication Orders Department
 475 North Martingale Road, Suite 600
 Schaumburg, IL 60173-2226

Send Checks to:
 Society of Actuaries
 Publication Orders Department
 P.O. Box 95668
 Schaumburg, IL 60694

Remittance must accompany orders. For Canadian orders, please add 7% GST tax. For Illinois orders, add 8.25% sales 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 (847/706-3526), fax (847/273-8526), or e-mail (bhaynes@soa.org).

2. FUTURE SOCIETY OF ACTUARIES MEETINGS

For details on upcoming seminars and those under development, watch for future SOA mailings, visit the Web site at <http://www.soa.org> or call the Continuing Education Department at 847/706-3540.

3. MEMBERSHIP STATISTICS

**2004 Yearbook
Analysis of SOA Membership by Type of Employment
October 2003**

Particulars	Fellows	Associates	Total
1. Insurance Company	4,386	2,866	7,252
2. Consulting Actuary	3,421	2,711	6,132
3. Insurance Broker	37	28	65
4. Insurance Department (state or provincial)	82	55	137
5. Other Government Employment	106	170	276
6. University & College	71	133	204
7. Investment Banker or Advisor	170	188	358
8. Software Developer/Vendor	81	129	210
9. Organizations Serving Insurance Business	92	55	147
10. Non-Traditional	159	179	338
11. Retired	1,163	383	1,546
12. Unaffiliated	416	640	1,056
Total	10,184	7,537	17,721

4. RECENT PUBLICATIONS

(To order, please contact the SOA Books and Publications Department by phone (847/706-3526), fax (847/706-3599), or e-mail (bhaynes@soa.org)).

Monographs are available on the SOA Web site "Bookstore" page free of charge.

5. PUBLICATIONS AVAILABLE FROM THE ACTUARIAL FOUNDATION

*THE ACTUARIAL RESEARCH EXCHANGE**

The Actuarial Research Exchange is a Web-based service designed to link academic researchers and practicing actuaries for joint research projects. The Web site consists of two main components: 1) a list of research opportunities posted by organization, and 2) a list of faculty members interested in conducting research.

Organizations are invited to post their research needs on the Actuarial Research Exchange Web site, where faculty researchers can review the opportunities and respond to those that match their interests. There is no cost to the organization to post a research opportunity, as this can be done on-line. In addition, faculty members who are interested in conducting research are listed to allow companies to contact faculty members directly about research projects.

This Web site can be found from The Actuarial Foundation's home page at www.actuarialfoundation.org or www.aerf.org/exchange/. Please contact Sheree Baker at 847/706-3565 for more information.

6. NORTH AMERICAN ACTUARIAL JOURNAL

North American Actuarial Journal, Volume 7, Number 4, October 2003

North American Actuarial Journal, Volume 8, Number 1, January 2004

7. THE ACTUARY

The Actuary, *Volume 37, Number 8, October 2003*

The Actuary, *Volume 37, Number 9, November 2003*

The Actuary, *Volume 37, Number 10, 2003 Year in Review*

The Actuary, *Volume 38, Number 1, January 2004*

The Actuary, *Volume 38, Number 2, February 2004*

The Actuary, *Volume 38, Number 4, March 2004*

8. SECTION NEWSLETTERS

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 of actuarial advancements and activities in North America.

Section	Dues \$	Subscription \$	
Actuary of the Future Section	\$15.00		\$15.00
Futurism Section	15.00		15.00
Health Section	30.00		30.00
Individual Life Insurance and Annuity			
PRODUCT DEVELOPMENT SECTION	15.00		20.00
International Section	20.00		20.00
Investment Section (<i>Risk and Reward</i>)	10.00		15.00
Life Insurance Company Financial Reporting Section	10.00		15.00
Long Term Care Insurance Section	20.00		20.00
Management & Personal Development	15.00		15.00
Nontraditional Marketing Section		20.00	20.00
Pension Section	25.00		25.00
Reinsurance Section	10.00		15.00
Smaller Consulting Firm Section	10.00		NA
Smaller Insurance Company Section	15.00		15.00
Risk Management	20.00		20.00

9. RECENT SECTION NEWSLETTERS

Actuary of the Future Section, Actuary of the Future, Issue #15, October 2003

Education and Research Section, Expanding Horizons, Issue #28, December 2003

Individual Life Insurance and Annuity Product Development Section, Product Matters! Issue #57, November 2003

Individual Life Insurance and Annuity Product Development Section, Product Matters! Issue #58 March 2004

International Section, *International Section News*, Issue #31, October 2003

International Section, *International Section News*, Issue #32, February 2004

Investment Section, Risks and Rewards, Issue #43, October 2003

Life Insurance Company Financial Reporting Section, The Financial Reporter, Issue #55, November 2003

Life Insurance Company Financial Reporting Section, The Financial Reporter, Issue #56, February 2004

Long-Term Care Insurance Section, Long-Term Care News, Issue #10, December 2003

Management and Personal Development Section, The Stepping Stone, Issue #12, July 2003

Management and Personal Development Section, The Stepping Stone, Issue #13, January 2004

Nontraditional Marketing Section, NewsDirect Issue #45, December 2003

Nontraditional Marketing Section, NewsDirect Issue #46, January 2004

Smaller Insurance Company Section, Small Talk, Issue #21, November 2003

Smaller Consulting Firm Section, The Independent Consultant, Issue #3, November 2003

Smaller Consulting Firm Section, The Independent Consultant, Issue #4, January 2004

News From National Associations re Professionalism Issues

Latest reports from associations that are tabled at the IAA Professionalism Committee from time to time are available on the IAA Web site [under Council and Committees](#), Professionalism Committee.

Join the Newly Formed IAA Health (IAAHS) or the Pensions, Benefits and Social Security Section (PBSS) Sections or One of the Existing Sections: AFIR, ASTIN, IACA

IAAHS

The IAA Health Committee is continuing to solicit membership in its new Section. IAA members interested in joining the Health Section can do so simply by going to http://www.actuaries.org/public/en/IAAHS/join_letter.cfm and filling out the enrollment form.

PBSS

As well, the newly formed Pensions, Benefits and Social Security (PBSS) Section is accepting new members. [Register online today!](#)

The PBSS is planning its Second International Pensions Seminar for November 3-4, 2004 in Sydney Australia. For further information on the seminar and to register online, go to <http://www.actuaries.asn.au/PublicSite/events/iacacolloquiumhome.htm>. Authors wishing to submit a paper should submit their proposal, along with an abstract of the paper, to Chris Daykin at chris.daykin@gad.gov.uk by May 31, 2004 at the latest.

AFIR

Interested in issues relating to financial risks? [Join the AFIR Section online.](#)

ASTIN

Interested in non-life insurance? [Join the ASTIN Section online.](#)

IACA

Would you like to discuss issues of interest to consulting actuaries? [Join the IACA Section online.](#)

Sections dues are \$40 CAD per section per year.

The IAA Web Site Strives to Remain User Friendly

You may have noticed that some links no longer appear on the Home Page of the IAA Members' Web Site. Our Web site is continually growing and, in an attempt to keep it as user friendly as possible and easy to navigate, we have introduced a checkerboard of the most commonly used links on our site. When you are on the Home Page of the Members' site, click on the first link in the right-hand box: "Multi Links to Key Sites".

Research in Progress

Deutsche Aktuarvereinigung (DAV) (German Association of Actuaries)

Volume XXVI, n° 2, November 2003

Dietmar Pfeifer und Johana Neslehova: Modeling Dependence in Finance and Insurance: the Copula Approach	177
Tom Fischer, Angelika May, und Brigitte Walther: Anpassung eines CIR-1-Modells zur Simulation der Zinsstrukturkurve	193
Oskar Goecke: Über die Fähigkeit eines Lebensversicherers, Kapitalmarktrisiken zu transformieren	207
Thomas Mack und Michael Fackler: Exposure-Rating in Liability Reinsurance	229
Carmen Wetzel und Hans-Joachim Zwiesler: Einsatzmöglichkeiten von Markovschen Prozessen bei der Kalkulation von Lebensversicherungsprodukten	239
Christian Hipp: Optimal Dividend Payment under a Ruin Constraint: Discrete Time and State Space	255
Joachim Thomas Walter: Tarifierungsmodelle mit stetigen Prämiensätzen in der Sachversicherung	265
Burkhard Disch: Present Values, Segmentation and Approximation Theory	277
Miscellaneous	293
Dietmar Pfeifer: Bericht über das XXXIV International ASTIN Colloquium, 24.-27.8.2003, Berlin	309
Miscellaneous	311

VOLUME 9, N° 3, SEPTEMBER 2003

Prof. Dr. Dietmar Pfeifer: Bericht über das XXXIV International ASTIN Colloquium, 24.-27.8.2003, Berlin	86
Bericht über die Frühjahrstagung 2003 und die Herbsttagung 2002 der ASTIN-Gruppe	87
DAV-Ausschuss „Krankenversicherung“: Anmerkungen zu Joachim Grote „Die Rechtsstellung der Prämien-, Bedingungs- und Deckungsstocktreuhänder nach dem VVG und dem VAG“	90
100-Jahrfeier in Berlin: Jubiläumsveranstaltung verbindet Vergangenheit und Zukunft	93
Miscellaneous	94

VOLUME 9, N° 4, DECEMBER 2003

Jubiläumsfeier in Berlin begeisterte die Teilnehmer	106
Prof. Dr. C. Cottin, W. Deichl, M. Kinzer, D. Reichelt: Bericht von der gemeinsamen Tagung der AFIR-/LEBENS-Gruppe im Rahmen der 100-Jahr-Feier der DAV	112
Bericht von der 8. Tagung der Pensionsgruppe am 29. April 2003 in Bonn	116
Dr. Christian Netzel: Anmerkungen über Rechnungsgrundlagen für Rententarife	119
Miscellaneous	124

Casualty Actuarial Society

Research Working Parties. The CAS currently has four active research working parties on the following topics:

1. Correlations and Dependencies Among All Risk Sources
2. Executive Level Decision Making using Dynamic Financial Analysis
3. Elicitation and Elucidation of Risk Preferences
4. Quantifying Variability in Reserve Estimates.

Additional information on the CAS Working Parties is available through the Research section of the CAS Web Site.

Call Paper Programs. Annually the Casualty Actuarial Society conducts three to four call paper programs on various topics. Both CAS members and non-members are invited to submit proposals. Call paper program announcements are posted in the research section of the CAS Web Site. The papers accepted by these programs are presented at a Society meeting or seminar and are published in the *Discussion Paper Program* or *Forum*. These papers are also available on the CAS Web Site. Current programs include:

2004 Discussion Paper Program. Papers have been invited on "Applying and Evaluating Generalized Linear Models." Accepted papers will be presented at the 2004 CAS Spring Meeting scheduled for May 16-19, 2004 at The Broadmoor in Colorado Springs, Colorado. The Michelbacher Prize of \$1,500 will be awarded to the author of the best paper.

2004 Reserves Call for Papers - The CAS Committee on Reserves is seeking papers related to the following topics: Opinion Issues, Unique or Changing Exposures, Best Estimates, Variability, and Ranges, Methodologies, and Other Matters Affecting Reserving. Authors may be invited to present their papers at the Casualty Loss Reserve Seminar, scheduled for September 13-14, 2004 in Las Vegas, NV. A prize fund of \$2,500 is available for the best papers submitted in response to the call.

2005 Call for Ratemaking Discussion Papers - Papers on all 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. In addition, papers on the following topics are of interest: use of scoring models, impact of shocks to insurance markets, alternative risk-transfer instruments, reinsurance, and the medical malpractice insurance "crisis." Authors may be invited to present their papers at the 2005 Ratemaking Seminar, scheduled for March 17-18, 2005 in Atlanta, Georgia. A prize fund of \$2,500 is available for the best papers submitted in response to the call.

2005 Data Management, Quality, and Technology Call for Papers - The purpose of this program is to develop a source of literature on data topics important to casualty actuaries. Authors of accepted papers may be invited to present their work at the 2005 Ratemaking Seminar, scheduled for March 17-18, 2005 in Atlanta, Georgia. A prize fund of \$2,500 is available for the best papers submitted in response to the call.

Proceedings Papers - The CAS annually publishes papers in the CAS *Proceedings* that are accepted by the Committee on Review of Papers. These papers may be on any property and casualty topic and are presented by the authors at the CAS Spring or Annual Meeting. The 2003 *Proceedings* was published in October 2004 and the research papers and discussions of previous *Proceedings* papers in this volume are available for download through the CAS Web Site. A copy of the *Proceedings* may be ordered online through the CAS Web Site (see Publications section) for \$75 (U.S.) plus postage and handling. The Woodward-Fondiller and Dorweiler Prizes are awarded annually to members submitting the best papers.

The *Proceedings* are also available on CD-ROM. Forty *Proceedings* volumes, from 1960 to present, are available as a two-CD set for a purchase price of only \$24. This product can be purchased through the

CAS Web Site. The CDs include built-in search features, such as the ability to perform multi-file PDF searches. Enhanced navigation features are also built-in, including an opening screen with a table of contents linking to each volume, and a “home” button on each page for easy navigation back to the opening screen.

Charles A. Hachemeister Prize for ASTIN and AFIR Papers. The CAS awards an annual prize to the author of an ASTIN or AFIR paper, with emphasis in judging placed on the paper’s impact for North American actuaries and practicality of application. Papers eligible for the prize include articles, workshop articles, and invited papers published in the *ASTIN Bulletin*, in addition to papers and Speakers’ Corner papers presented at the ASTIN or AFIR Colloquium in the calendar year prior to the prize award. The amount of the prize is currently \$1,000.

CAS Web Site (<http://www.casact.org>)

The CAS Web Site’s “Online Database of Actuarial Abstracts” (www.casact.org/casbibsearch.cfm) is a searchable database of actuarial research paper citations. The Catalog contains citations for over 4,000 papers and includes abstracts and links to papers that are available online. Users can download full texts of papers through the Web Site’s publications section (<http://www.casact.org/pubs/pubs.htm>). This section includes the *Proceedings* from 1914-present and all issues of the *CAS Forum* and *Discussion Paper Program* that have been published.

The complete collection of over 600 articles in the IAA ASTIN Bulletin is online on the CAS Web Site. These papers are available to ASTIN members through a direct linkage from the IAA Web Site.

Society of Actuaries, U.S.

FINANCE PROJECTS

Interest Rates and Economic Scenarios (FP131) - *This investigation, in partnership with the Casualty Actuarial Society, will attempt to model the relationship between interest rate movements and movements in other financial and economic indices, such as stock market indices, as well as create a software tool for generating economic scenarios.* The review group and researchers are working to resolve some outstanding issues primarily dealing with the approach for handling negative nominal interest rates and the model structure. The group is awaiting a recommendation from the researchers on how to resolve these issues in order to finalize the project. *Researchers:* Richard Gorvett, Kevin Ahlgrim, Steven D'Arcy *Partner:* Casualty Actuarial Society (Contact: Phil Heckman)

Regime Switching Model Application (FP134) - *The purpose of this project is to develop an Excel-based workbook, which would provide a two regime-switching model for equity performance and other functions. The workbook appears on the SOA website.* The researcher continues to work towards a slightly enhanced version of the software to complete the project. The software was mentioned in a recent article in *The Actuary* focusing on the RBC C-3 Phase II project. *Researcher:* Mary Hardy, University of Waterloo (Contact: Steven Siegel)

Risk Based Capital Covariance (FP136) - *This project is an investigation into the covariance and correlation among various insurance and non-insurance risks generally and particularly in the tail (defined as two standard deviations from the mean).* John Manistre and Harry Panjer, of the University of Waterloo, are conducting the research. The researchers are preparing an initial version of the theoretical report incorporating guidance received over the course of several calls with the POG. In addition, work has begun on a practical example to serve as a bridge between the theoretical concepts and eventual practical applications. A decision on the exact nature of the practical example will be made on the next POG call. *Researchers:* John Manistre and Harry Panjer *Partners:* Life Practice Area, Investment Section and Financial Reporting Section (Contact: Steven Siegel)

Survey of Cash Flow Testing Software (FP137) - *The survey of users of cash flow testing software will result in a report providing comparative information on the software.*

In order to expedite the project, the POG and lead researcher have been participating on bi-weekly calls to discuss the online survey content and functionality. In early February, the content and functionality of the online survey were finalized. The researchers are working on polishing the format and appearance of the online survey and expect to have a final version available for discussion in March. *Researcher:* Ying Zhang, University of Western Ontario (Contact: Gang Ma)

Study of Economic Variables Using the Delphi Method (FP140) - *This project utilizes the Delphi forecasting technique to identify plausible economic longer-term values of economic variables and the rationale experts use to develop such values. The research results can be used by actuaries to supplement traditional methods for establishing pricing and valuation assumptions.* The Project Oversight Group has reviewed the 6 bids submitted in response to the Request for Proposals and has selected two finalists for further funding consideration. In order to determine a winner for the grant, the POG will interview each candidate during a conference call being scheduled for a mid-March date. *Researcher:* To Be Determined *Partners:* Committee on Knowledge Extension Research, Investment Section, and Futurism Section (Contact: Steve Easson)

Legal Research Pilot (FP141) - *The goal of this survey is to examine legal barriers and regulations that restrict actuarial employment options.* The researcher has submitted an article for the April issue of *The Actuary* requesting information on current and proposed legislation that may restrict actuarial employment or opportunities. A Project Oversight Group is currently being recruited. Given the nature of the project, the Committee on Finance Research has recommended recruiting an actuary with a legal background to participate on the POG. *Researcher:* Teresa Winer (Contact: Steven Siegel)

OPERATIONAL RISK MANAGEMENT (FP142) - *The result of this dissertation is the development of a mathematical model for forecasting, simulation and hedging operational risks of banks and insurers.* The Committee on Finance Research elected to support this dissertation on Operational Risk Management. Funding has been provided for data, software and books necessary to complete the project. A letter of agreement has been signed and requires submission of quarterly progress reports. The first progress report will be requested in March. *Researcher:* Edoh Afambo, Georgia State University (Contact: Sam Cox)

SOA FINANCIAL REPORTING SECTION PROJECTS

Financial Statement Disclosure Practices of Life Insurance Companies - *This project describes the types of company financial statement disclosure techniques utilized in the US life insurance industry; the extent to which these methods are standardized within the industry; the relative value these practices bring to examiners of financial statements; and the metrics and measures a company uses to quantify its risks and assess company performance.* A Request For Proposals has been issued with proposals due by the middle of May. The Financial Reporting Section Council is currently considering expanding the scope of the project to include the Canadian life insurance industry. *Researcher:* To Be Determined (Contact: Ronora Stryker)

SOA HEALTH PROJECTS

Medical Large Claims Experience Study (HP123) - *This study, which is a follow-up to an earlier Medical Large Claims study, examines the incidence and characteristics of large health claims.* Work continues on reviewing the database in conjunction with the analysis reports. In addition, a modified version of the database is being prepared for public use purposes. *Researcher:* Kyle Grazier, University of Michigan *Partner:* Health Section (Contact: Anthony Houghton)

Alternative Care Experience Study (HP130) - *The purpose of this study is to collect and analyze insurance company data on coverage of integrative and alternative care treatments.* In order to determine if companies would be willing to provide data on claims for alternative care treatment, a survey was sent to the Health actuarial membership at the end of January. The results of the survey have been compiled and the Alternative Care Committee will make a final determination on whether the project should proceed or not. *Researcher:* Kyle Grazier, University of Michigan (Contact: Lee Launer)

Analysis of Claims By Policy Duration for Individual Insurance Major Medical Insurance (HP140) - *This experience study will analyze the effect of underwriting wearoff and cumulative antiselection on individual major medical claim costs.* This project continues to progress. The researcher is currently developing a study overview document, which is to be reviewed with the Project Oversight Group and includes a description of the data needed for the study and the analysis to be performed. The researcher anticipates completing the document by early March. *Researchers:* Leigh Wachenheim and Bill Bluhm, Milliman USA *Partners:* Health Section and Health Benefit Systems Practice Area Experience Studies (Contact: Alan Ford or Cindy Miller or Ronora Stryker)

Linking Quality and Cost: An Analysis of the Hospital Quality Information Initiatives Measures (HP142) - *The purpose of this project is to investigate the measures used in the Hospital Quality Information Initiative and how those process measures may be linked to cost measures.* Two proposals have been received and are being evaluated by the Project Oversight Group that was recruited. A call is scheduled for the first week of March to determine if either of the proposals should be pursued. *Researcher:* To Be Determined (Contact: Curtis Robbins)

Efficacy of Specific Prescription Drugs or Categories of Drugs (HP143) - *The objective of this research is the examination and measurement of the impact of specific drugs and/or categories of drugs on total medical costs.* A Project Oversight Group has been recruited and two proposals have been

received. A call is scheduled the first week of March to discuss whether either of the proposals should be pursued. *Researcher:* To Be Determined (Contact: Margaret Wear)

SOA HEALTH SECTION PROJECTS

Neural Network Applications to Disability Claim Management (HP138) - *This project investigates the use of neural networks to predict disability claim recovery and to aid in claims management.* The POG and Health Section Council have given their final approval for this project. The report and results of the case study have been published on the SOA Web site at:

http://www.soa.org/Research/data_mining.html. This study is now complete and will be removed from future updates. *Researcher:* Barry Senensky (Contact: Daniel Skwire)

Evaluating the Results of Medical Management Interventions: Comparative analysis of different outcomes measures (HP139) - *This is a multi-phased project that examines various methods to measure and quantify the financial effect of a health plan's medical management interventions.* The Project Oversight Group recently reviewed the drafts of the first two papers that discuss the various care interventions employed by managed care organizations and the methodological and measurement issues that healthcare actuaries should consider in evaluating the results of the interventions. Feedback for the next revision is currently being compiled and will be sent to the researcher in early March. The researcher will be presenting the preliminary papers at the Applied Actuarial Research Conference, March 8-9 in Orlando.

Researchers: Ian Duncan, Henry Dove and Rebecca Owen (Contact: Bryan Miller)

SOA LIFE INSURANCE PROJECTS

The Effects of Environmental Tobacco Smoke on Mortality and Morbidity (LP129) - *The goal of this project is to produce a report that reviews current published research on this topic, and examines the actuarial and statistical relevance of the findings to the insurance industry.* The Project Oversight Group has reviewed the first draft report and found the research presented in the report was inconsistent to that described in the researcher's project proposal. Feedback was provided to the researchers and they are formulating a response, which will include an action plan to resolve the discrepancies. *Researchers:* Donald Behan, Yijia Lin, and Michael Ericksen, Georgia State University (Contact: Tim Harris)

Living To 100 and Beyond Symposium (LP130) - *This second international symposium, scheduled for January 12-14, 2005 will bring together actuaries, demographers, gerontologists and others interested in presenting papers on advanced age survival and its implications to social, financial, and retirement systems.* A Call For Papers has been issued with abstracts due by March 1, 2004. A conference call is currently being scheduled with the Project Oversight Group to select the abstract topics to include in the symposium program. External organizations continue to show interest in this research endeavor with currently 38 organizations agreeing to assist the SOA in making this event a success. *Researchers:* To Be Determined *Partners:* Committee on Knowledge Extension Research, Committee on Finance Research and Numerous Cooperating Organizations (Contact: Bob Johansen)

Search For Predictors of Exceptional Human Longevity (LP133) - *The main purpose of this project is to identify predictors of exceptional human longevity and examine the interplay between them.* The University of Chicago research team has begun work on this project and provided the Project Oversight Group with a project timeline for completion indicating the draft report to be completed by September. The researchers plan to present research results at the Living to 100 and Beyond Symposium in January 2005. *Researchers:* Leonid Gavrilov and Natalia Gavrilova *Partner:* Committee on Knowledge Extension Research (Contact: Tom Edwalds)

2002 Individual Life and Annuity Expense Study (LP134) - *This is an annual intercompany expense study of individual life and annuity products.* A request for 2002 data was released in late 2003.

Approximately twice the number of contributor data submissions from the previous year's study has been received. The contributor submissions have been compiled and preliminary results have been generated. Concurrently, the contributors have been contacted to resolve data issues. *Researcher:* Steven Siegel (Contact: Sam Gutterman)

SOA PRODUCT DEVELOPMENT SECTION PROJECTS

Analysis of Product Guarantees (LP132) - *The purpose of the project is to examine individual life and annuity product guarantee features, their associated risks, the methodologies used to analyze, quantify, and manage these risks, and their impact on policyholder behavior.* A letter of agreement has been finalized with the researchers and work is scheduled to begin by the end of March. *Researchers:* John Glynn and Victoria Pickering, Carstens, Glynn & Pickering *Partner:* Committee on Finance Research (Contact: Susan Kimball)

SOA RETIREMENT SYSTEMS PROJECTS

Mortality Projections (RP113) - *The objective of this effort is to investigate the materiality of the mortality improvement assumption in the valuation of private pension plans.* The POG chair continues to work towards refining the draft version of the report. A conference call will be scheduled with the researcher once all suggested changes have been documented. *Researcher:* David Kays (Contact: Marilyn Oliver)

Turnover and Retirement Rates - Phase 3 (RP119) - *This project improves and builds upon the previous Pension Plan Turnover Rate Tables. Pension plan participant decrement data is being collected and analyzed.* The Non-Mortality Decrement Task Force, Committee on Retirement Systems Research and Retirement Systems Practice Advancement Committee have approved the final report and tables as well as a summary report that was developed for practitioners. As the final step, the Board of Governors has been requested to approve the release of the reports for wide distribution. *Researcher:* Jed Frees, University of Wisconsin (Contact: Kelley McKeating)

Demography and Rates of Return (RP121) - *This research is an investigation into the relationship between population demographics and financial market performance.* Efforts continue to find a champion to chair a Project Oversight Group and lead the effort to advance this project. (Contact: Steve Siegel)

Pension Plan Mortality and Turnover Database Construction (RP126) - *The Retirement Plans Experience Committee (RPEC) and the Non Mortality Decrement Task force (NMDTF) will collect and analyze pension data with the objective of producing a database suitable for constructing employee mortality, termination and retirement tables.* The researcher has submitted a draft of the report containing mortality tables generated from the database with comparisons to tables found in RP2000. A face-to-face meeting with the RPEC to review the report is in the process of being scheduled. Next steps and strategies for updating the database with additional contributions will be explored at the meeting. *Researcher:* Steve Kopp, University of Western Ontario (Contact: Kevin Binder)

Survey on Retirement Plan Preferences (RP131) - *The goal of the survey is to use the information gained to understand what is important to the public, identify the implications for the use of different types of plans, and to inform public policy, plan sponsors and practicing actuaries.* The full research report has been reviewed and approved by the appropriate research committees. Furthermore, a shorter report highlighting the results of the research and its connection to current retirement issues was presented at a very well attended Congressional Staff Briefing on February 20, 2004. Both reports, can be found at: www.soa.org/sections/Retirement/framework.html#2003_retirement_risk. This study is now complete and will be removed from future updates. *Researcher:* Mathew Greenwald and Associates *Partners:* American Academy of Actuaries and the Pension Section (Contact: Kelley McKeating)

Preretirement Influences on Retirement Decisions Literature Search (RP133) - *This is a literature review of research on pre-retirement influences in retirement decisions being conducted by Linda Smith Brothers, of the University of Wisconsin.* The search phase of the project is targeted for completion in mid-March as well as a new draft of the individual article summaries incorporating previous comments. A follow-up call with the POG will then be scheduled. *Researcher:* Linda Brothers, University of Wisconsin *Partner:* Pension Section (Contact: Steve Siegel)

Managing Retirement Assets for Longevity and Other Risks (RP139) - *This call for papers examines the risks faced in managing assets for and during retirement, and investigates strategies such as Annuitization.* Final papers and abstracts have been received and are posted on the web for symposium attendees. As well, moderators for all of the sessions have been secured. The symposium that has resulted from the Call for Papers is scheduled for April 1-2, 2004 in Las Vegas and will run concurrently with the LIMRA Annuity Conference. *Researches:* Multiple Researchers *Partners:* Product Development Section, Committee on Life Insurance Research, Actuarial Foundation, Numerous Cooperating Organizations (Contact: Paul Jakoboski)

Retirement Risk Survey 2003 (RP140) - *This survey is a follow-up to the 2001 Retirement Risk Survey that assessed retired and near retired person's attitudes towards post-retirement risks.* The researchers submitted a final version of the full report that was approved by both the POG and Committee on Retirement Systems Research. In addition, a shorter report highlighting the issues was prepared for a well-attended, related Congressional Staff Briefing that took place on February 20. The reports can be found at:

www.soa.org/sections/Retirement/framework.html#2003_retirement_risk

This study is now complete and will be removed from future updates. *Researcher:* Mathew Greenwald and Associates (Contact: Anna Rappaport)

SOA PENSION SECTION PROJECTS

Risk and Rewards from Voluntary Annuitization (RP134) - *This project will result in a software tool that will comprehensively display the risks and rewards associated with various investment/consumption strategies focusing on if and when to annuitize.* A working version of the annuitization software has been distributed to the review group to examine and finalize the functionality of the program. The next step will be the creation of a manual to accompany the software. *Researcher:* Moshe Milevsky (Contact: Tom Lowman)

Corporate Bond Yield Curve (RP141) - *This paper has been commissioned for the purpose of determining the potential issues that arise in the application of the corporate bond yield curve in plan valuations for practicing pension actuaries.* A letter of agreement has been signed with Dr. Rüdiger Kiesel of the University of Ulm in Germany. A first draft has been received and reviewed by the POG. Feedback has been compiled and forwarded to the researcher. The researchers are working on a revised version of the report. *Researcher:* Dr. Rüdiger Kiesel, University of Ulm (Contact: Kenneth Kent)

LONGER TERM PROJECTS – BOOKS, MONOGRAPHS

Expense Analysis and Strategic Management of Life Insurers (FP117) - *This project is a book authored by Sam Gutterman that covers various aspects of expenses, pricing and performance measurements used in life insurance products.* A new, expanded version of the book incorporating previous comments has been submitted. This new version will be reviewed by the Project Oversight Group with the intention that this is the final review before preparing it for publication. Given the book's current length, publication options (bound copy or electronic) are being reexamined. *Researcher:* Sam Gutterman *Partners:* Product Development Section, Financial Reporting Section (Contact: Cliff Angstman)

Interest Rate Models in Actuarial Practice (FP123) - *This project will produce a practical guide on the selection and use of interest rate models. Several chapters have been forwarded to the Project Oversight Group for review. Efforts to polish and finalize the remaining portions of the book continue. Researchers: Sam Cox and Dr. John Martin Partners: Investment Section and Finance Practice Area (Contact: Steve Siegel)*

SOA FINANCE EXPERIENCE STUDIES

1986-2001 Private Placement Study (FX105) - *This experience study is the current phase of the ongoing analysis of characteristics of loss experience under private placement bond investments. A high-level report on experience through 2001 was being prepared for the end of 2003, but there continue to be difficulties with one large contributor. A more detailed report was to follow by the middle of this year. Report plans are on hold pending this contributor issue. Data collection for the period after 2001 is continuing. (Contact: Nick Bauer)*

SOA HEALTH EXPERIENCE STUDIES

Long Term Care Valuation Task Force (HC108) - *This Task Force is considering updating and expanding the 1995 Long-Term Care Insurance Valuation Methods report, including the development of standard tables for the valuation of the many facets of this product. This task force had a face-to-face meeting in conjunction with the Annual Meeting in Orlando on October 27 to discuss results from the use of experience study data for the valuation effort. Further work of this type was outlined at this meeting. This has been completed, but has not yet been discussed by the Task Force. (Contact: Mark Litow)*

Group Life Insurance (HX101) - *This Committee is pursuing a follow up to the 1985-89 Group Life Insurance Experience Study, including the establishment of a regular pattern for this study. We have submissions from 19 companies for the mortality study and 18 for the waiver study with several submissions outstanding. Solucient, our data vendor, is in the midst of reviewing the data submissions and we are having calls with contributors to resolve data issues. The chairs have been holding weekly calls with Solucient in order to keep things moving. The next calls are scheduled for February 18 and 25. A meeting with Solucient is being planned for early March to begin addressing report issues. (Contact: Susan Sames or Karen Edgerton)*

Individual Disability Study (HX107) - *The primary focus of this Committee is to revise the specifications for the Individual Disability Income Study to reflect current products and practices and then proceed with a study of experience of both claims incidence and termination under such policies. Preliminary results were presented at the Vancouver meeting (see handouts on the SOA web site at: http://www.soa.org/conted/cearchive/vancouver/039_combined.pdf. Conference calls were held on February 1 and 13 to discuss what further reports are required from the data compiler as input for the final report. This request is being communicated to the data compiler. A meeting is being set up in late April to discuss these (and prior) reports. (Contact: Bob Beal)*

DI/LTC Persistency Study with LIMRA (HX113) - *The objective of this study is to report upon persistency and lapse experience. This work was undertaken as part of the two preceding studies. The final report has been prepared and is being readied for distribution. (Contact: Marianne Purushotham)*

1999-2002 Long-Term Care Study (HX114) - *The objective of this study is to compile long-term care data from carriers into an inter-company study. Data tabulation has been completed and committee members are being given their assignments relative to the report. A meeting in support of this work is being planned. (Contact: Gary Corliss)*

Credit Life Mortality Study & Table (HX115) - *The objective of this study is to examine the mortality experience under credit disability insurance. The committee is informally responding to the NAIC's draft credit life regulation. Plans are being made for the next experience study. (No progress since October.)*

(Contact: Chris Hause)

Group Long Term Disability Study (HX116) - *This study examines the termination experience under group LTD claims.* Both the formula and data subgroups have held several conference calls with Solucient to discuss the processing of the contributions and the set up for the study. Contributions have been received from 21 companies. A subset of contributions and data fields have been identified for initial analysis. The next call of this committee will take place on March 3. (Contact: Todd Fuhs)

SOA LIFE EXPERIENCE STUDIES

1999-2000 Reinsurance Mortality Study (LO114) - *The objective of this study is to examine the mortality experience of reinsurance under large amount and older age policies.* Processing of the 1999 and 2000 data and reporting thereon has been put on hold. (Contact: Lisa Denys)

Mortality Guarantee in Variable Products Experience Study (LP124) - *This project examines mortality experience during the deferred period under variable annuities and other contracts with similar benefits.* No further work has occurred. This will be considered as part of the new annuity study initiative. (see also LX138 and Annuities Studies). (Contact: Bob Johansen)

Individual Life 1995-96/1996-97/1997-98/1990-95 Cause of Death/1998-99/1999-2000/2000-02 (LX126, LX133, LX137, LX139, LX143, LX144, LX151) - *This study is the ongoing reporting of mortality experience under standard, fully underwritten life insurance policies.* Several conference calls have been held to work on an experience report for the 1996-2000 period. The last call took place on February 4. The report is essentially complete except for one section. The next committee meeting is scheduled to take place on April 4 in Orlando.

Data has been requested for the post-2000 period and was a joint request to include persistency data for LIMRA. It will also address flexible premium life insurance products. Results relative to this request were discussed at the October 26 meeting. The number of potential contributors has more than doubled, but some contributions are coming in more slowly than promised. A subcommittee has been formed to consider how best to analyze and present this expanded set of data. (Contact: Tom Rhodes)

Current and future Cause of Death studies were discussed at the October 26 meeting. Interest in cause of death data was confirmed and will be emphasized in the current and future data collection efforts. (Contact: Rick Bergstrom)

Mortality & Morbidity Liaison Committee (LC102) - *This joint committee of actuaries, medical directors and underwriters investigates experience of various facets of the insurance and disability underwriting process, especially those reflecting extra mortality.* The next committee meeting is scheduled for April 5 in Orlando. (Contact: Rick Bergstrom)

The two major areas of activity:

Build Study (LX147) - *The Build Study examines the mortality experience of recently issued life insurance policies that had an identified build impairment.* Discussions related to this report took place during the January conference call. A final draft is planned for the committee's April meeting. (Contact: Doug Ingle)

Diabetes Study (LX148) - *The Diabetes Study examines the mortality experience of recently issued life insurance policies that had an identified diabetes impairment.* A final draft of the report was discussed at the September 26 meeting and the report is being finalized for publication. A conference call will be held on March 1 to renew the report one last time. (Contact: Jess Mast)

Plans for the next study will be made during this committee's April meeting (deferred from the January 6 call).

Mortality & Underwriting Survey Committee (LC109) - *This Committee is to oversee and conduct surveys on topics related to underwriting practices and mortality experience on life insurance and annuities.* This committee's next meeting is tentatively scheduled to take place on July 12-14, 2004 in Providence, R.I. (Contact: Al Klein)

The one major area of continuing activity:

Preferred Underwriting (LX140) - *This survey will examine, for a third time, underwriting practices with respect to preferred products.* The direct Preferred Underwriting subgroup is nearing completion of the final version of this report. The next conference call is scheduled for February 23 and a meeting will take place in Chicago on February 25-27 to finalize the report. (Contact: Mary Bahna-Nolan)

The two major areas of new activity:

Simplified Issue (LX145) - *This survey is expected to examine various aspects relating to insurance policies issued with less than full underwriting.* Several conference calls have been held to finalize the questions to be asked on this survey. The last call of this group was held on February 20. They anticipate sending this survey to participants in May of 2004. (Contact: Lori Morgan)

Risk Management (LX150) - *This survey will focus on the mortality and underwriting aspects of the more general question of enterprise risk management for insurance organizations.* This subcommittee has prepared about half of their intended survey. Further work is on hold so as not to conflict with the Simplified Issue Survey. (Contact: Jeff Marks)

Mortality Studies Working Group (LC110) - *The mission of this Working Group is to re-evaluate the scope and context of life insurance experience studies and develop a fresh strategic perspective.* This group has worked through its list of issues via a series of conference calls. Narayan Shankar has finalized the report for this group, which was reviewed on a January 8 conference call. Execution of the plans from this report will begin in the near future. A report on preferred product experience is being considered by the Individual Life Experience Committee. (Contact: Narayan Shankar)

International Experience Survey (LC111) - *The broad objective of this work is to develop experience studies for various countries of interest to members of the Society.* Initial work will be a high-level survey of readily available mortality information. A conference call took place on February 11 to discuss the results of the phase two request for data. Work is proceeding on the statistical analysis of this data. The next call is scheduled for April 21. (Contact: Mike Gabon or Bill Horbatt)

Annuity Studies - A meeting was held in conjunction with the SOA Annual Meeting in Orlando on the future direction of all individual annuity experience studies. Responses at the meeting were quite positive (see also LP124 and LX138). A conference call was held on January 27 to follow up on this meeting. Plans were made relative to a payout annuity experience study. Discussion occurred on an accumulation annuity mortality and persistency study. This will be developed further with LIMRA in the next few weeks. (Contact: Phil Bieluch)

Structured Settlements 1998-99 (LX138) - *The broad objective of this study is to study the mortality experience under structured settlement annuity contracts.* This will be considered as part of the general discussion of annuity studies (see also LP124 and Annuities Studies). (Contact: Jan Pollnow)

SOA RETIREMENT EXPERIENCE STUDIES

Group Annuity 1999-2000 (RX106) - *This study is the next in the series studying the mortality*

experience under group annuity contracts, primarily those in payment status. The 1999-2000 report has been approved by the oversight committee. It can be found on the SOA web site under Research. This report is now complete and will be removed from future updates. This committee's next conference call will take place on February 27 to discuss the next phase of activity. (Contact: Joseph Wang)

Experience Studies Assessment

As of January 31, 2004, we have received \$449,594.27 from the Insurance Companies and \$36,275.00 from the Consulting Companies.