

## MINUTES OF THE MEETING

May 21, 22 and 23, 1962

HOTEL GRISWOLD, GROTON, CONNECTICUT

At the meeting the following 90 Fellows, 36 Associates and 25 invited guests, including 9 guests as subscribers to the "Invitational Program" registered as being in attendance:

## FELLOWS

Allen, E. S.	Harwayne, F.	Murrin, T. E.
Bailey, R. A.	Hazam, W. J.	Niles, C. L., Jr.
Barber, H. T.	Hewitt, C. C.	Oberhaus, T. M.
Berkeley, E. T.	Hope, F. J.	Otteson, P. M.
Berquist, J. R.	Hunt, F. J., Jr.	Phillips, H. J., Jr.
Bevan, J. R.	Hurley, R. L.	Pinney, A. D.
Blodget, H. R.	Johe, R. L.	Pollack, R.
Bondy, M.	Johnson, R. A.	Resony, J. A.
Bornhuetter, R. L.	Kallop, R. H.	Roberts, L. H.
Boyajian, J. H.	Klaassen, E. J.	Rodermund, M.
Boyle, J. I.	Kormes, M.	Rosenberg, N.
Budd, E. H.	LaCroix, H. F.	Rowell, J. H.
Byrne, H. T.	Leslie, W., Jr.	Ruchlis, E.
Carleton, J. W.	Linden, J. R.	Salzmann, R. E.
Carlson, T. O.	Linder, J.	Schloss, H. W.
Crane, H. G.	Lino, R.	Simon, L. J.
Crowley, J. H., Jr.	Liscord, P. S.	Skelding, A. Z.
Curry, H. E.	Livingston, G. R.	Smith, E. M.
Day, E. W.	Longley-Cook, L. H.	Tapley, D. A.
Dickerson, O. D.	MacKeen, H. E.	Tarbell, L. L.
Dropkin, L. B.	Makgill, S. S.	Trist, J. A. W.
Elliott, G. B.	Masterson, N. E.	Uthhoff, D. R.
Espie, R. G.	Matthews, A. N.	Valerius, N. M.
Fairbanks, A. V.	Mayerson, A. L.	Wieder, J. W., Jr.
Foster, R. B.	Maycrink, E. C.	Wilcken, C. L.
Fowler, T. W.	Menzel, H. W.	Williams, P. A.
Gillam, W. S.	Mills, R. J.	Williams, H. V.
Goddard, R. P.	McConnell, M. H.	Willsey, L. W.
Graham, C. M.	McGuinness, J. S.	Wittick, H. E.
Hart, W. V. B., Jr.	Muetterties, J. H.	Wolfrum, R. J.

## ASSOCIATES

Allebach, W. F.	Feldman, M. F.	Margolis, D. R.
Andrews, E. C.	Gillespie, J. E.	McClure, R. D.
Balcarek, R. J.	Gould, D. E.	McDonald, M. G.
Berkman, J.	Greene, T. A.	McIntosh, K. L.
Butler, R. H.	Harack, J.	McLean, G. E.
Craig, R. A.	Jones, N. F.	McNamara, D. J.
DeMelio, J. J.	MacGinnitie, W. J.	Meenaghan, J.

Mohnblatt, A. S.	Sarnoff, P. E.	Strug, E. J.
Nelson, S. T.	Scammon, L. W.	Trudeau, D. E.
Richards, H. R.	Schneiker, H. C.	Walsh, A. J.
Riddlesworth, W. A.	Stern, P. K.	Woodworth, J. H.
Roth, R. J.	Stoke, K.	Young, R. G.

## INVITED GUESTS

Beers, H. S.	Frey, B. A., Jr.	Rothbare, H.
*Blane, R.	Hoyt, F. A.	Sabbagh, M. J.
Bleiberg, S.	*Jackson, J. J.	Smith, R. A.
Buffinton, P. G.	Kelly, A. B.	Sohmer, H.
*Crain, J.	Martorana, J. F.	*Strong, H. L.
Crandall, A. E.	Marshall, R. E.	*Peterzon, R. M.
*Donovan, H. G.	*Miller, H. A.	Waterson, A., Jr.
*Foody, W. M., Jr.	Miller, R. G.	
Forest, J. H.	*Nagel, J. R.	

\*Participants in Invitational Program.

First, it is noted for the record that the buffet supper which had been tentatively scheduled for Sunday evening, May 20, for early arrivals, was not held.

Prior to the formal convening of the meeting there were held a number of informal round-table discussions, beginning at 9:30 A.M. on May 21st, participants being free to go and come as they pleased:

- (a) Retrospective Rating—Its Uses and Misuses—Francis J. Hope, Moderator.
- (b) New Approaches To Solution Of Actuarial Problems In Electronic Era—Robert B. Foster, Moderator.
- (c) Is Psychological Testing Useful For Classification Purposes?—Paul M. Otteson, Moderator.
- (d) Possibilities Of Operations Research Techniques For Actuarial Problems—Paul S. Liscord, Moderator.
- (e) How Can Administrative Procedures For Merit Rating Plans Be Improved? Are Centralized Records Now Feasible?—Ernest T. Berkeley, Moderator.
- (f) Training Program For Actuarial Trainees—Casualty and Fire Insurance—John W. Wieder, Jr., Moderator.
- (g) A Current Evaluation Of Table M By Line Of Insurance—Richard L. Johe, Moderator.
- (h) Analysis Of Increased Limits Experience.
  - (1) Effect of increased limits coverage on basic limits average claim costs.
  - (2) Methods of analyzing increased limits losses by range of loss or limits carried.

Robert A. Bailey, Moderator.

At 12:30 P.M. recess was taken for luncheon.

The first formal session of the meeting convened at 2:00 P.M. with a brief address of welcome by the President. The President also noted the following:

(1) *Research Committee and Research Advisory Committee.*

By action of the Council at the meeting of February 28, 1962, the existing Research Committee was discontinued and the President had appointed a new Committee—"Research Advisory Committee"—to co-ordinate activities on various research projects and to advise the Council on new research projects. Seymour E. Smith had agreed to act as Chairman of the new Research Advisory Committee. Active research was now under way or contemplated as follows:

Committee On Automobile Research—Harold E. Curry, Chairman

Committee On Large Loss Experience—Matthew Rodermund, Chairman

Committee On Mathematical Theory Of Risk—Charles C. Hewitt, Jr.,  
Chairman

Committee On Annual Statement—Joseph Linder, Chairman

(2) *Astin*

The ASTIN session would be held May 23-25, 1962 at Juan Les Pins, France. Joe Linder and Doc Masterson were leaving for this gathering and were bringing greetings and best wishes from the CAS. The President also announced that consideration was being given to suggesting to ASTIN that it hold its 1964 meeting in New York to tie in with the 50th anniversary meeting of the CAS in November of that year.

(3) *17th International Congress Of Actuaries.*

The Congress would meet in London and Edinburgh in 1964. Each National Association had been invited to submit a report relating to the development, status and activities of the actuarial profession in their respective countries. It was expected the CAS would co-operate with other organizations in the United States in the preparation of the requested report. Among the subjects for individual papers to be presented at the 1964 gathering of Astin is "Practical Application Of Modern Statistical Techniques In Motor And Other Non-Life Insurance Branches And In Life Insurance". The President announced that several members of the CAS had expressed an interest in preparing an appropriate paper to be presented at the Astin meeting.

Beginning at 2:30 P.M. on May 21, the following seminar discussions were held concurrently:

*Seminar A*

Analyzing Annual Statements And Expense Exhibits Of Other Companies. How Can Such Analyses Aid Your Company's Future?

Chairman: Robert G. Espie, Vice President and Assistant Comptroller, Aetna Life Affiliated Companies.

*Seminar B*

Rating Of Excess Coverages—Umbrella Policies, Deductible Coverages, Excess Of Loss Or Loss Ratio, Stop Loss, etc. What Statistics Are Available And Needed For Proper Rate Making?

Chairman: Matthew Rodermund, Vice President-Actuary Munich Re-insurance Company.

*Seminar C*

Package Policy Ratemaking—Automobile And Multiple Peril. What Basic Principles Should Govern Future Rate Revisions On Package Policies?

Chairman: Edward S. Allen, Actuary, The Phoenix of Hartford Insurance Companies.

*Seminar D*

How Can Actuarial Analyses Help Company Claim Departments Control Average Claim Costs?

Chairman: Martin Bondy, Actuary and Assistant Treasurer, Consolidated Mutual Insurance Company.

*Seminar E*

Profit And Loss Reports For Management. What Types Of Reports Are Most Significant?

Chairman: Charles L. Niles, Jr., Actuary, General Accident Group.

Conclusion of the seminar discussions at 4:30 P.M. brought to an end the formal activities for the first day of the meeting. At 6:00 P.M. the group reconvened for a brief Social Hour which had generously been arranged for the entertainment of the CAS by the management of the Griswold Hotel.

The meeting reconvened at 9:30 A.M. on May 22, with President Laurence H. Longley-Cook presiding. The President announced that the firm of Woodward and Fondiller had established an annual award of \$200 in memory of Joseph H. Woodward, a charter member and Past President of the CAS, and Richard Fondiller, Secretary-Treasurer of the CAS from 1918 to 1953. The award, to be known as the "Woodward-Fondiller Prize", is to be made to the author of the best eligible paper submitted each year by an Associate or Fellow who has attained his designation within the last five years. To be eligible the paper must show evidence of ability for original research and the solution of advanced insurance problems. If no paper is considered eligible in a given year, the award shall not be made.

At this point Vice President Wolfrum took over the conduct of the proceedings.

The following new papers were then presented:

- (1) "An Introduction To The Negative Binomial Distribution And Its Applications" by LE Roy J. Simon, Associate Actuary, Insurance Company Of North America.
- (2) "Homeowners—The First Decade" by Frederic J. Hunt, Jr., Asso-

ciate Actuary, Insurance Company Of North America. Ernest T. Berkeley, Actuary, Employers Group, then presented a written review of Mr. Hunt's paper and Mr. Hunt then made some additional comments.

- (3) "Size, Strength & Profit" by LeRoy J. Simon, Associate Actuary, Insurance Company Of North America.

The session then recessed at 10:20 A.M. for a repeat of the five seminars which had been conducted on Monday afternoon. At 4:30 P.M. recess was taken to be followed by a Social Hour beginning at 5:30 P.M. with an informal banquet at 7:00 P.M.

Following the Banquet, there was presented a musical skit, prepared and presented by the Entertainment Committee consisting of Bill Hazam, Matt Rodermund (Chairman) and Ruth Salzmann, dealing with the vagaries, weaknesses and strong points, if any, of the actuary, the underwriter, the insurance editor and management, in general. The musical numbers were sung by the CAS Quartet: Bob Foster, Paul Liscord, Lu Tarbell and Ager William. The festivities were concluded by the reading of an original poem "Elegy In An Auto Junk Yard" by Win Greene.

The meeting reconvened at 9:15 A.M. on Wednesday morning with Vice President Murrin in charge of the meeting. Thereupon, reviews of previous papers were presented:

<i>Author</i>	<i>Reviewer</i>	<i>Title of Paper</i>
(1) M. Eugene Blumenfeld	Alfred V. Fairbanks	"Recent Trends And Innovations In Individual Hospital Insurance".
(2) Kenneth L. McIntosh	(a) Lester B. Dropkin (b) Robert L. Hurley	"Mathematical Limits To The Judgement Factor In Fire Schedule Rating".
(3) Frank Harwayne	Seymour E. Smith (Review read by Paul S. Liscord)	"Observations On The Latest Reported Stock Company Insurance Expenses For 1960".
(4) George E. McLean	Roger A. Johnson	"An Actuarial Analysis Of A Prospective Experience Rating Plan For Group Hospital-Surgical-Medical Coverage".
(5) Mark Kormes	John R. Bevan	"Patterns Of Serious Illness Insurance."
(6) Robert A. Bailey	(a) John W. Carleton (Review read by Richard J. Wolfrum) (b) Lewis H. Roberts	"Experience Rating Re-assessed".

The following authors presented additional remarks in comment upon the reviews: Messrs. Kormes, McIntosh and McLean.

The gathering then heard a stimulating address "Tomorrow's Actuary" by Henry S. Beers, President, Aetna Affiliated Life Companies. Mr. Beers' talk will be printed in Volume XLIX of the Proceedings.

The chairmen of the seminars then presented a report on the activities and discussions during their respective seminars.

At 12:15 P.M. the May 1962 meeting of the CAS was adjourned.