

MINUTES OF THE MEETING

November 14, 15 and 16, 1962

HOTEL WARWICK, PHILADELPHIA, PENNSYLVANIA

The November 1962 meeting of the Society convened at 1:50 P.M. with the following 89 Fellows, 39 Associates and 36 Invited Guests in attendance:

FELLOWS

Allen, E. S.	Hazam, W. J.	Petz, E. F.
Bailey, R. A.	Hewitt, C. C., Jr.	Phillips, H. J., Jr.
Balcarek, R. J.	Hobbs, E. J.	Pruitt, D. M.
Barber, H. T.	Hunt, F. J., Jr.	Resony, A. V.
Barker, G. M.	Hurley, R. L.	Roberts, L. H.
Bennett, N. J.	Johe, R. L.	Rodermund, M.
Berkeley, E. T.	Johnson, R. A.	Rowell, J. H.
Berquist, J. R.	Kallop, R. H.	Salzmann, R. E.
Bevan, J. R.	Kates, P. B.	Schloss, H. W.
Bondy, M.	Klaassen, E. J.	Simon, L. J.
Bornhuetter, R. L.	Kormes, M.	Simoneau, P. W.
Carlson, T. O.	Leslie, W., Jr.	Skelding, A. Z.
Coates, C. S.	Linder, J.	Smith, S. E.
Crowley, J. H., Jr.	Lino, R.	Stankus, L. M.
Curry, H. E.	Livingston, G. R.	Sykes, Z. M.
Day, E. W.	Longley-Cook, L. H.	Tapley, D. A.
Dickerson, O. D.	MacKeen, H. E.	Tarbell, L. L., Jr.
Dropkin, L. B.	Magrath, J. J.	Thomas, J. W.
Elliott, G. B.	Makgill, S. S.	Trudeau, D. E.
Espie, R. G.	Masterson, N. E.	Valerius, N. M.
Finnegan, J. H.	McConnell, M. H.	Walsh, A. J.
Fitzgibbon, W. J., Jr.	McGuinness, J. S.	Wieder, J. W., Jr.
Foster, R. B.	McNamara, D. J.	Wilcken, C. L.
Fowler, T. W.	Menzel, H. W.	Williams, P. A.
Gillam, W. S.	Morison, G. D.	Williamson, W. R.
Goddard, R. P.	Moseley, J.	Wilson, J. C.
Graham, C. M.	Muetterties, J. H.	Wolfrum, R. J.
Graves, C. H.	Murrin, T. E.	Wright, B.
Harwayne, F.	Niles, C. L., Jr.	Yount, H. W.
Haugh, C. J.	Perkins, W. J.	

ASSOCIATES

Aldrich, W. C.	Even, C. A., Jr.	Jones, N. F.
Blumenfeld, M. E.	Flack, P. R.	Margolis, D. R.
Buffinton, P. G.	Gerundo, L. P., Jr.	McDonald, M. G.
Carson, D. E. A.	Gillespie, J. E.	McIntosh, K. L.
Curry, A. C.	Ham, H. P.	McLean, G. E.
DeMelio, J. J.	Hillhouse, J. A.	Mohnblatt, A. S.
Ehlert, D. W.	Jensen, J. P.	Muir, J. M.

Nelson, S. T.
 Peel, J. P.
 Portermain, N. W.
 Riccardo, J. F., Jr.
 Richards, H. R.
 Richardson, H. F.

Royer, A. F.
 Scammon, L. W.
 Shaver, C. O.
 Smith, E. R.
 Stern, P. K.
 Stevens, W. A.

Stoke, K.
 Strug, E. J.
 Switzer, V. J.
 Verhage, P. A.
 Woodworth, J. H.
 Young, R. G.

INVITED GUESTS

Borch, K.
 *Burney, C. T.
 *Callahan, W. E.
 Cooper, W. P.
 *Crain, J.
 *Donovan, H. G.
 Donovan, J. B.
 Feay, H. L.
 *Foody, W. M., Jr.
 Gill, J. F.
 Gilmartin, E. M.
 *Hoyt, F. A.

Idler, J. F.
 *Jones, C. R., Jr.
 Kahn, P. M.
 Kedrow, W. M.
 Kenny, R.
 *Knowlan, F.
 Larson, A. W.
 Marshall, R. E.
 *Nagel, J. R.
 O'Brien, L. W.
 Perlet, H. F.
 *Porch, C. C.

*Rathert, K. R.
 Redd, T. B.
 *Reiner, J. G.
 *Rogers, D. J.
 Sabbagh, M. J.
 Smith, S. H.
 Splaver, M. M.
 *Staley, H. B.
 *Strong, H. L.
 Tompa, P. M.
 Van Orman, F.
 Wells, C. C.

* Participants in Invitational Program.

After a short address of welcome by President Laurence H. Longley-Cook a Panel Discussion on, "Ratemaking in the Future," was held.

Chairman—Hubert W. Yount, Executive Vice President
 Liberty Mutual Insurance Company.

PANEL MEMBERS

1. Harold E. Curry, Vice President
 State Farm Mutual Automobile Insurance Co.
 "Ratemaking and Pricing in the Marketplace"
2. James B. Donovan, Attorney
 Member of the firm Watters & Donovan
 "Regulation of Ratemaking"
3. William Leslie, Jr., General Manager
 National Bureau of Casualty Underwriters
 "Establishing Net Rates Excluding Expenses"
4. Joseph M. Muir, General Manager
 Mutual Insurance Advisory Association
 and Mutual Insurance Rating Bureau
 "Problems of Rating Organizations"
5. Seymour E. Smith, Vice President and Actuary
 Travelers Insurance Company
 "Multiple Peril Rate Making and Statistical Problems"

After the panel members had completed their presentations of the sub-topic assigned there was an exchange of comments and questioning directed by the individual members of the panel to the other members of the panel. This was followed by comments and questions from the floor.

This part of the November 1962 meeting was adjourned at 4:30 P.M.

The meeting reconvened at 9:15 A.M. on November 15 with the presentation of the report of the Secretary-Treasurer on receipts and disbursements for the fiscal period October 1, 1961 through September 30, 1962. During this period receipts exceeded disbursements by \$3901.70. Copies of the detailed financial statement which will be printed in Volume XLIX, were made available to the membership at the meeting.

Seymour E. Smith, Chairman of the Nominating Committee, reported that, based on a tabulation of the ballots previously distributed to the Fellows of the Society, the Nominating Committee recommended the election of the following:

<i>President</i>	Laurence H. Longley-Cook*
<i>Vice President</i>	Thomas E. Murrin*
<i>Vice President</i>	Richard J. Wolfrum*
<i>Secretary-Treasurer</i>	Albert Z. Skelding*
<i>Member of Council</i>	Robert A. Bailey
<i>Member of Council</i>	Martin Bondy
<i>Member of Council</i>	Charles C. Hewitt, Jr.

*Incumbent

These nominations being seconded and there being no further nominations from the floor, the foregoing were duly declared elected.

The gathering was then informed that the council, subject to confirmation by the Fellows of the Society as required by Article V of the Constitution, had elected the following:

<i>Editor</i>	Harold W. Schloss*
<i>Librarian</i>	Richard Lino*
<i>General Chairman of Examination Committee</i>	Norman J. Bennett

*Incumbent

The Fellows present voted to approve the action of the Council and the foregoing were then declared elected to the post of Editor, Librarian and General Chairman of the Examination Committee respectively.

The President then announced that subsequent to the November 1961 meeting the Secretary-Treasurer had been notified of the following deaths:

Richard Fondiller (Fellow)	Edward Olifiers (Fellow)
Maurice L. Furnivall (Associate)	Otto C. Richter (Fellow)

Diplomas were then presented to the 8 new Fellows and announcement was made of the enrollment of 14 new Associates:

FELLOWS

RAFAL J. BALCAREK
Assistant Actuary
 Standard Accident Insurance Co.
 640 Temple Avenue
 Detroit 32, Michigan

R. WILLIS PARLIN
Actuary
 Mutual Service Insurance Cos.
 1919 University Avenue
 St. Paul 4, Minnesota

DANIEL J. MCNAMARA
Secretary
 Nat. Bur. of Casualty Underwriters
 125 Maiden Lane
 New York 38, N. Y.

LEO M. STANKUS
Actuary
 Allstate Insurance Co.
 7447 Skokie Boulevard
 Skokie, Illinois

JAMES J. MEENAGHAN
Assistant Actuary
 Nat. Bur. of Casualty Underwriters
 125 Maiden Lane
 New York 38, N. Y.

DONALD E. TRUDEAU
Actuarial Assistant
 Cas., Fire & Marine Actuarial Dept.
 The Travelers Insurance Co.
 700 Main Street
 Hartford 15, Connecticut

GEORGE D. MORISON
Actuarial Assistant
 Actuarial Department
 Aetna Casualty & Surety Co. and
 Standard Fire Insurance Co.
 151 Farmington Avenue
 Hartford 15, Connecticut

ALBERT J. WALSH, JR.
Assistant Actuary
 Liberty Mutual Insurance Co.
 175 Berkeley Street
 Boston 17, Massachusetts

ASSOCIATES

WILLIAM P. AMLIE
Statistical Department
 Lumbermens Mutual Casualty Co.
 4750 Sheridan Road
 Chicago 40, Illinois

ALAN C. CURRY
Assistant Actuary
 State Farm Mutual Automobile Ins. Co.
 112 East Washington Street
 Bloomington, Illinois

PHILIP G. BUFFINTON
Vice President
 State Farm Fire and Casualty Co.
 Bloomington, Illinois

CHARLES A. EVEN, JR.
 Cas., Fire & Marine Actuarial Dept.
 The Travelers Insurance Co.
 700 Main Street
 Hartford 15, Connecticut

DAVID E. A. CARSON
 Actuarial Department
 Hartford Insurance Group
 690 Asylum Avenue
 Hartford 15, Connecticut

DANIEL FINKEL
Senior Statistician
 The State Insurance Fund
 199 Church Street
 New York 7, N. Y.

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| LOUIS P. GERUNDO, JR.
Cas., Fire & Marine Actuarial Dept.
The Travelers Insurance Co.
700 Main Street
Hartford 15, Connecticut | HENRY F. ROOD
<i>Senior Vice President</i>
Lincoln National Life Insurance Co.
1301-27 South Harrison Street
Fort Wayne, Indiana |
| JERRY A. HILLHOUSE
<i>Ass't. Superintendent</i>
Rating Division
State Farm Mutual Automobile Ins. Co.
112 East Washington Street
Bloomington, Illinois | EDWARD R. SMITH
Actuarial Department
Hartford Insurance Group
690 Asylum Avenue
Hartford 15, Connecticut |
| JAMES P. JENSEN
<i>Actuarial Assistant</i>
Liberty Mutual Insurance Co.
175 Berkeley Street
Boston 17, Massachusetts | VERNON J. SWITZER
<i>Superintendent</i>
Rating Division
State Farm Mutual Automobile Ins. Co.
112 East Washington Street
Bloomington, Illinois |
| NEILL W. PORTERMAIN
<i>Actuarial Specialist</i>
Mutual Service Casualty Insurance Co.
1919 University Avenue
St. Paul 4, Minnesota | PAUL A. VERHAGE
<i>Actuarial Analyst</i>
Hardware Mutual Casualty Co.
200 Strongs Avenue
Stevens Point, Wisconsin |
- The gathering was then informed that beginning with the May 1963 examinations the General Mathematics part of the Associateship examinations would be a joint identical examination under the auspices of the Casualty Actuarial Society and the Society of Actuaries, and the General Mathematics examination would be held in May and November of each year.
- President Laurence H. Longley-Cook then presented his Presidential Address "Actuarial Aspects of Industry Problems" which will appear in Volume XLIX of the Proceedings.
- Following the Presidential Address the meeting recessed to enable the members to participate, in accordance with their previously indicated choice, in one of the following round-table discussions:
- A. "New Developments in Package Policies"
Chairman, Gordon M. Barker
 - B. "Fire Insurance Development in Recent Years"
Chairman, Norman J. Bennett
 - C. "Surplus Lines Coverage—Current Uses and Rating Practices"
Chairman, Ernest T. Berkeley
 - D. "Merit Rating—Evaluation of Results To Date"
Chairman, William S. Gillam
 - E. "Management Data. Actuary's Role in Developing Meaningful Reports"
Chairman, Richard L. Johe
 - F. "Medical Care for the Aged. The Problem and Insurance Industry's Solution"
Chairman, W. Rulon Williamson

After the first session, from 10:15 A.M. to 11:15 A.M., there was a second session of these round-tables, from 11:30 A.M. to 12:30 P.M.

With the conclusion of the second round-table session, the November 1962 meeting of the CAS was recessed to reconvene at 9:15 A.M. the following day.

There was a brief Social Hour from 5:30 P.M. to 7:00 P.M. followed by a banquet at the Hotel Warwick. Following the banquet the gathering was privileged to hear an interesting talk by Past President Dudley M. Pruitt relating to his experiences in Japan from where Dudley had just returned after serving a tour of duty with the American Friends Service Committee.

At the November 16 session, the first order of business was consideration of the proposed Constitutional Amendment which had been bulletined to the membership under date of October 9, 1962.

John W. Wieder, Jr. then moved that the proposed amendment be adopted. This was seconded by Harold W. Schloss.

Charles C. Hewitt, Jr. then moved adoption of the following amendments to the Constitution Amendment as originally proposed:

1. In the first sentence of the third paragraph of the proposed amendment change "not more than one negative vote" to "not more than two negative votes."
2. Amend the second sentence of the fourth paragraph of the proposed Constitution Amendment to read "Otherwise, no one shall be admitted as a member unless recommended by a duly called meeting of the Council with not more than two negative votes in a secret ballot, followed by at least a three-fourths secret ballot of the Fellows present and voting at a meeting of the Society."

Mr. Hewitt's motion was seconded by Robert A. Bailey.

For further elucidation of the membership Norman J. Bennett, Chairman of the Temporary Committee on Rules and Procedures for Examinations, explained in detail that the proposed Constitutional Amendment was merely a revision of the Constitution to be consistent with the revised examination rules, particularly as respects waivers, which could not be put into effect unless appropriate changes were made in the Constitution.

After considerable discussion, and many questions from the floor, a vote was taken on the amendments offered by Mr. Hewitt. This was carried unanimously.

A vote was then taken on the original motion made by Mr. Wieder as amended by the foregoing action. This was carried with one negative vote.

At this point, the conducting of the meeting was turned over to Vice President Wolfrum.

Past President Norton E. Masterson then reported on activities and future programs of Astin and the International Congress of Actuaries.

Professor Karl Borch of Norway, visiting Professor at Princeton University, Economic Research Program, then presented a paper "Reformulation Of Some Problems In The Theory Of Risk."

The following new papers were presented:

1. "The Low Value Risk. A Study of the Premium Required For Habitational Risks of Various Policy Amounts" by P. G. Buffinton.

This paper was reviewed at the meeting by Frederic J. Hunt, Jr. and Robert L. Hurley.

2. "The Latest Reported Stock Insurance Company Expenses For 1961" by Frank Harwayne.
3. "Negative Binomial Rationale" by Thomas O. Carlson.

Reviews of previously presented papers were then given:

1. "An Introduction to the Negative Binomial and Its Applications" by LERoy J. Simon. Reviewed by Lester B. Dropkin and Lewis H. Roberts.
2. "Size, Strength and Profit" by LERoy J. Simon. Reviewed by Robert A. Bailey, Clyde H. Graves and Charles C. Hewitt, Jr. Mr. Simon then commented briefly on these reviews.

The November 1962 meeting of the CAS adjourned at 12:15 P.M.

Attachments: Financial Report of Secretary-Treasurer.
1962 Examinations—Successful Candidates.

FINANCIAL REPORT

Cash Receipts and Disbursements
from October 1, 1961 to September 30, 1962

<u>Receipts</u>		<u>Disbursements</u>	
On deposit 10-1-61	\$13,652.57	Printing & Stationery	\$18,567.90
Members Dues	\$10,737.00	Secretary's Office	2,599.17
Sale of Proceed- ings	2,239.90	Examination Expense	2,194.98
Sale of Readings	6,987.22	Luncheons & Dinners	3,121.70
Examination Fees	3,367.50	Library Fund	56.53
Luncheons and Dinners	2,475.00	Insurance	47.40
Interest on Bonds	243.76	Refunds— Lun. & Dins.	120.00
Michelbacher Fund	1,136.83	Refunds— Exam. Fees	61.00
Registration Fees	2,560.75	Refunds— Regis. Fees	80.00
Invitational Pro- gram	1,500.00	Refunds—Other	79.00
Proceeds-Bonds on Maturity	4,000.00	Purchase of Bonds	4,079.13
Foreign Exchange	—10.41	Miscellaneous	329.04
Total	<u>\$48,890.12</u>		<u>\$31,335.85</u>
		On deposit 9-30-62	17,554.27
		Total	<u>\$48,890.12</u>
<u>Assets</u>		<u>Liabilities</u>	
Cash in Bank 9-30-62	\$17,554.27	Surplus (Michel- bacher Fund)	\$13,641.74
U. S. Savings Bonds	5,000.00	Other Surplus	8,912.53
Total	<u>\$22,554.27</u>	Total	<u>\$22,554.27</u>

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One U. S. Treasury Bond 3 $\frac{7}{8}$ % No. 24277 due for \$1000 on May 15, 1968.
Two U. S. Treasury Bonds 3 $\frac{7}{8}$ % Nos. 3462-3 due for \$1000 each on May 15, 1968.

Two U. S. Treasury Bonds 3 $\frac{7}{8}$ % Nos. 1673-4 due for \$1000 each on November 15, 1974.

Employers' Fire Insurance Company Policy No. 31F23-85-62 for \$5000 on books and book cases stored at 200 East 42nd Street and \$2000 on material stored in library of Insurance Society of New York. Expires 9-14-67.

Fidelity Bond No. 044571 for \$10,000 in Royal Indemnity Company.

Workmen's Compensation Policy No. 01-577362 in Maryland Casualty Company. Expires 5-10-63.

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This is to certify that we have audited the accounts, examined all vouchers and investments shown above and find same to be correct.

October 23, 1962

HOWARD G. CRANE
Chairman, Auditing Committee

1962 EXAMINATIONS—SUCCESSFUL CANDIDATES

Following is a list of those who passed the examinations held by the Society on May 17 and 18, 1962:

ASSOCIATESHIP EXAMINATIONS

PART I	Adelstein, V. A.	Hull, L. G.	Price, E. E.
	Aminov, M. M.	Irwin, R. L.	Quinlan, J. A.
	Baine, M. B.	Kennedy, R. H.	Richardson, J. F.
	Batista, S.	Kennedy, T. A.	Richmond, G.
	Davis, R. C.	Lange, J. E.	Rogers, D. J.
	Dominguez, S.	Larson, R. M.	Romig, G. M.
	Douglas, D.	Levin, J. W.	Rose, J. C.
	Dunning, M. R.	Linquanti, A. J.	Rothenberg, L.
	Ford, H.	Lowe, R. F.	Schuler, R.
	Forker, D. C.	Matthews, J. L.	Sena, J. A.
	Frankovich, E.	Miller, D. E.	Sturgeon, P. K.
	Fulton, C. B., Jr.	Mulvihill, F. X.	Taylor, D. G.
	Glass, A.	Naffziger, J. V.	Wallace, A. B.
	Gregory, R. S.	Nelson, D. A.	Walton, H. L.
	Hartman, D. G.	Nelson, J. K.	Welch, J. P.
	Higgins, J. T.	Newman, S. H.	Williams, W. T.
	Holt, W. T.	Patricelli, A.	
	PART II (a)	Baur, J. G.	Masterson, W. E., Jr.
Blaha, J. M., Jr.		McClintock, J. S.	Sena, J. A.
Bland, W. H.		Nelson, D. A.	Trees, J. S.
Brian, R. A.		Quinlan, J. A.	Tucker, T. F.
Cook, C. F.		Richardson, J. F.	Wilde, E. J., Jr.
Durkin, J. H.		Richmond, G.	Williams, W. T.
Faber, J. A.		Rose, J. C.	
Finkel, D.	Ryan, K. M.		
PART II (b)	Baur, J. G.	Lorman, W. E.	Richmond, G.
	Bell, A. A.	Lowe, R. F.	Ryan, K. M.
	Carson, D. E. A.	Masterson, W. E., Jr.	Scheel, P. J.
	Dahme, O. E.	Mokros, B. F.	Torgrimson, D. A.
	Dunning, M. R.	Nelson, D. A.	Walton, H. L.
	Durkin, J. H.	Patricelli, A.	Welch, J. P.
	Dwyer, J. T.	Petersiel, A. S.	Williams, W. T.
	Forker, D. C.	Raid, G. A.	
	Kim, B. W.	Richardson, J. F.	
	PART III (a)	Bell, A. A.	Forker, D. C.
Bland, W. H.		Hanson, H. D.	Scheid, J. E.
Capsalis, J.		Mokros, B. F.	Toren, C. J.
Cook, C. F.		Richardson, W. S.	
Finkel, D.		Rose, J. C.	

PART III (b)	Beardsley, C. M.	Chang, Y.	Portermain, N. W.
	Bell, A. A.	Crain, J.	Rosel, R. G.
	Brewer, R. T.	Dahme, O. E.	Ryan, K. M.
	Brian, R. A.	Goldberg, S.	Staley, H. B.
	Burns, W. O.	Jensen, J. P.	Toren, C. J.
	Capsalis, J.	Kemble, J. W.	Verhage, P.
	Center, A. C.	McClintock, J. S.	
PART IV	Amlie, W. P.	Herman, F. L.	Rosel, R. G.
	Brown, W. W., Jr.	Hillhouse, J. A.	Scheel, P. J.
	Cima, A.	Jensen, J. P.	Smith, E. R.
	Curry, A. C.	McDonald, C.	Switzer, V. J.
	Gerundo, L. P., Jr.	Portermain, N. W.	Verhage, P.
	Hammer, S. M.	Reilly, F. V.	

FELLOWSHIP EXAMINATIONS

PART I	Aldrich, W. C.	MacGinnitie, W. J.	Portermain, N. W.
	Crandall, W. H.	Margolis, D. R.	Smith, E. R.
	Even, C. A., Jr.	Oien, R. G.	Trudeau, D. E.
PART II	Ehlert, D. W.	Morison, G. D.	Royer, A. F.
	MacGinnitie, W. J.	Oien, R. G.	Trudeau, D. E.
	Margolis, D. R.	Riddlesworth, W. A.	Walsh, A. J.
PART III	Balcarek, R. J.	Greene, T. A.	Parlin, R. W.
	Craig, R. A.	MacGinnitie, W. J.	Piersol, D. E.
	Crandall, W. H.	McNamara, D. J.	Riddlesworth, W. A.
	DeMelio, J. J.	Miller, N. F.	Trudeau, D. E.
	Gillespie, J. E.	Morison, G. D.	Walsh, A. J.
PART IV	Balcarek, R. J.	Morison, G. D.	Stankus, L. M.
	Carson, D. E. A.	Parlin, R. W.	Trudeau, D. E.
	Meenaghan, J. J.	Richards, H. R.	

Note: There were no successful candidates for Part IV (a).

NEW ASSOCIATES

The following 12 candidates, having been successful in completing the examinations, will be admitted as Associates of the Society as of the date of the Annual Meeting in November 1962:

Amlie, W. P.	Finkel, D.	Portermain, N. W.
Carson, D. E. A.	Hillhouse, J. A.	Smith, E. R.
Curry, A. C.	Gerundo, L. P., Jr.	Switzer, V. J.
Even, C. A., Jr.	Jensen, J. P.	Verhage, P.

NEW FELLOWS

The following 8 Associates, having been successful in completing the examinations, will be admitted as Fellows of the Society as of the date of the Annual Meeting in November 1962:

Balcarek, R. J.	Morison, G. D.	Trudeau, D. E.
McNamara, D. J.	Parlin, R. W.	Walsh, A. J., Jr.
Meenaghan, J. J.	Stankus, L. M.	