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OF THE

Casualty Actuarial Society

ORGANIZED 1914



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FOREWORD

The Casualty Actuarial Society was organized in 1914 as the Casualty Actuarial and Statistical Society of America, with 97 charter members of the grade of Fellow; the Society adopted its present name on May 14, 1921.

Actuarial science originated in England in 1792, in the early days of life insurance. Due to the technical nature of the business, the first actuaries were mathematicians; eventually their numerical growth resulted in the formation of the Institute of Actuaries in England in 1848. The Faculty of Actuaries was founded in Scotland in 1856, followed in the United States by the Actuarial Society of America in 1889 and the American Institute of Actuaries in 1909. In 1949 the two American organizations were merged into the Society of Actuaries.

In the beginning of the twentieth century in the United States, problems requiring actuarial treatment were emerging in sickness, disability, and casualty insurance—particularly in workers' compensation—which was introduced in 1911. The differences between the new problems and those of traditional life insurance led to the organization of the Society. Dr. I. M. Rubinow, who was responsible for the Society's formation, became its first president. The object of the Society was, and is, the promotion of actuarial and statistical science as applied to insurance other than life insurance. Such promotion is accomplished by communication with those affected by insurance, presentation and discussion of papers, attendance at seminars and workshops, collection of a library, research, and other means.

Since the problems of workers' compensation were the most urgent, many of the Society's original members played a leading part in developing the scientific basis for that line of insurance. From the beginning, however, the Society has grown constantly, not only in membership, but also in range of interest and in scientific and related contributions to all lines of insurance other than life, including automobile, liability other than automobile, fire, homeowners and commercial multiple peril, and others. These contributions are found principally in original papers prepared by members of the Society and published in the annual *Proceedings*. The presidential addresses, also published in the *Proceedings*, have called attention to the most pressing actuarial problems, some of them still unsolved, that have faced the insurance industry over the years.

The membership of the Society includes actuaries employed by insurance companies, rate-making organizations, national brokers, accounting firms, educational institutions, state insurance departments, and the federal government; it also includes independent consultants. The Society has two classes of members, Fellows and Associates. Both classes are achieved by successful completion of examinations, which are held in May and November in various cities of the United States and Canada.

The publications of the Society and their respective prices are listed in the *Yearbook* which is published annually. The *Syllabus of Examinations* outlines the course of study recommended for the examinations. Both the *Yearbook*, at a \$20 charge, and the *Syllabus of Examinations*, without charge, may be obtained upon request to the Casualty Actuarial Society, One Penn Plaza, 250 West 34th Street, New York, New York 10119.

JANUARY 1, 1990

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NOTICE

Papers submitted to the *Proceedings of the Casualty Actuarial Society* are subject to review by the members of the Committee on Review of Papers and, where appropriate, additional individuals with expertise in the relevant topics. In order to qualify for publication, a paper must be relevant to casualty actuarial science, include original research ideas and/or techniques or have special educational value, and must not have been previously published or be concurrently considered for publication elsewhere. Specific instructions for preparation and submission of papers are included in the *Yearbook* of the Casualty Actuarial Society.

The Society is not responsible for statements of opinions expressed in the articles, criticisms, and discussions published in these *Proceedings*.

EDITOR'S COMMENT

The Casualty Actuarial Society participated with the American Academy of Actuaries, the Canadian Institute of Actuaries, the Conference of Actuaries in Public Practice and the Society of Actuaries in the Centennial Celebration of the Actuarial Profession in North America which was held in Washington, D.C. on June 12, 13 and 14 of 1989. Hence, this volume of the *PROCEEDINGS* does not include the customary report of activities usually held at our Spring Meeting.