

## INAUGURAL MEETING OF ASTIN

Wednesday Afternoon Session

October 16, 1957

A special meeting of the ASTIN Committee convened at two-thirty p.m., in Parlour C of the Hotel Commodore, New York, Mr. N. E. Masterson presiding, 46 persons attending.

CHAIRMAN MASTERSON: It is now exactly two-thirty p.m. so we will begin the meeting.

I am starting the meeting as President of the Casualty Actuarial Society, an organization similar to the organization under consideration today. One of the most interesting parts of the work of the Casualty Actuarial Society was last evening where I think you had a very enjoyable time with us.<sup>1</sup>

I want now on behalf of the casualty actuaries in the United States and Canada, to welcome officially here this group interested in the ASTIN organisation. Now, at this time, for the benefit of my United States and Canadian colleagues, I might explain exactly what these mysterious letters or initials are. ASTIN translated letter by letter, as we do some of our government agencies, stands for Actuarial Studies in Non-Life Insurance. In other words, the significant category in ASTIN is "non-life insurance", which corresponds very much to the present scope of the Casualty Actuarial Society, embracing casualty, fire, accident and sickness, all forms of insurance except life.

Now, in order to formally launch an important worldwide organization like ASTIN, we have to get started some way. I have the privilege—as head of the United States Society—to do so at this time. Previously, there were certain official actions taken by the International Congress in that one member of the Permanent Committee is designated as the ASTIN member of that board. That gentleman will take over this meeting from me in a few seconds as the official representative of the International Congress. He is

<sup>1</sup> Reception for the ASTIN members by the President and Council of the Casualty Actuarial Society at the Offices of the Royal Insurance Co. Ltd.

Sir George Maddex, and his position in Great Britain is the British Government's actuary. He is also a Knight of the British Empire. As the officially designated representative of the International Congress, I turn this meeting over to Sir George Maddex to act as the organizer or launching chairman of ASTIN. Sir George!

(Applause)

SIR GEORGE MADDEX: I hope we may take it, gentlemen, that you all have a copy of the letter issued by Mr. Franckx on the 18th of September. <sup>1</sup> I must say, it gives me great pleasure in the sense of undeserved honour to be asked to assist at the launching of the group. I take it as a historic day in the development of the Permanent Committee for Actuarial Congresses and the beginning of further extensions and developments.

The first step on the agenda which you have received is to receive a report of the provisional committee which over the past few years has, not without pain, drafted the rules and crystallized the ideas and methods of action of the ASTIN group. May I, therefore, ask Mr. Franckx to present a report of the ASTIN provisional committee.

(Mr. E. Franckx read his report) <sup>2</sup> (Applause)

SIR GEORGE MADDEX: You have heard Mr. Franckx' report. Is there any general desire that we should have it resumed in English? If so, I would ask Dr. Johansen to give a brief resumé.

CHAIRMAN MASTERSON: I think a summary in English by Mr. Johansen would be helpful.

MR. P. JOHANSEN: My friends, Mr. Franckx has told you a little about the work that has been done by the committee since the last Congress in Madrid. We have heard about the discussions which have taken place between that committee and the bureau of the Permanent Committee and Mr. Franckx expressed his warm thanks toward the chairman of the permanent committee.

Further, Mr. Franckx mentioned the draft rules that had been submitted to the various actuarial societies for discussion. As no objections have been made, these rules have been approved by the Board of Directors of that committee.

<sup>1</sup> Largely contained in Mr. Franckx's report.

<sup>2</sup> Reported in full later (p. 15).

Further, Mr. Franckx mentioned that a number of companies and insurance institutions all over the world have contributed to the secretarial expenses of the first years. He mentioned the names of those companies and institutions.

Mr. Franckx ended by thanking the members, or the future members, of our ASTIN group for the support that they have always so willingly given the members of the appointed committee during their work these years. He ended by expressing our urgent hopes for a fertile good future.

May I just here use the opportunity of standing before you to say to my friend, Franckx, a hearty personal thanks for the huge work he has given these things. I know that he is deeply personally interested in these problems.

(Applause)

SIR GEORGE MADDEX: Thank you very much.

With the presentation of that report, I think the work of the provisional committee ends. It is perhaps for this meeting of members and persons interested in ASTIN to accept the report, I am sure, with gratification and with a sense of profound thanks to the four members of the provisional committee for the enormous amount of work they have put into this the last year or two.

We come then to the dissolution of the provisional committee. That committee, of course, was set up at the instance of the Council of the Permanent Committee. I think all we can do here is to notify the Council in due course that the provisional committee has done its work and, with the foundation of the group, has been dissolved.

Before we go on to the next point, does anybody wish to raise any question on the report?

Very well. I think then we should now take the rules for the ASTIN group which, as you have been told, have gone before the Council of the Permanent Committee and been approved. May I take these rules as read or would anybody wish them to be read to the meeting? I think we can do nothing but accept them unless anybody interested in ASTIN feels that the interests of particular groups or the importance of any particular aspect of ASTIN has not been recognized in the rules. If not, then, I think we may report to the Council of the Permanent Committee that this

meeting accepts without question the rules proposed for the Constitution of ASTIN.<sup>1</sup>

The provisional committee, having been dissolved under the rules, the first step is to set up a new, and as Mr. Franckx will call it, a permanent committee to manage the business of the group. The rules say that the committee is to be elected from among the ordinary members by written vote with the exception of one or two to be appointed by the Permanent Committee. At the moment, as I see it, I am the only member of this new committee (laughter).—Well, it is obviously not practicable for this meeting to attempt to appoint a committee. Therefore, those concerned with the organization of the group have turned their minds to the subject, and I think that Mr. Masterson would wish to make a proposal to the meeting.

CHAIRMAN MASTERSON: If this were an American mutual insurance company or a church—I'd better say a Presbyterian Church, I know something about that one,—I would probably be designated as a chairman of the nominating committee. It was necessary in some way at this meeting, to select a board of seven members that would operate during the next three years or until the next meeting of the Congress in Brussels. So, as chairman of the nominating committee I have this slate to propose to this group in lieu of any worldwide election. Of course, on this board of seven, Sir George Maddex is a member of the Permanent Committee so designated on our Board. He is automatically a member of the new Board of ASTIN.

That, then, would require an additional membership of six individuals. It was considered most desirable that four of the remaining six be the four men who were designated by the Permanent Committee and who have prepared the report which you heard from Mr. Franckx. Therefore, I am proposing as members of the Board the following four from the former temporary preparation board: Mr. Franckx of Belgium, who prepared the report. I think you all know him. Mr. Monic of Great Britain. Is he here? I would like to have him stand so that the others can see him. Mr. Beard of Great Britain, if he will stand so we will know who he is. Mr. Johansen of Denmark. He was our translator.

<sup>1</sup> English and French versions of ASTIN rules appear on p. 18-21.

Then, in addition, the Nominating Committee has selected Mr. Philipson of Sweden. Will he stand up?

Then, to represent the United States and Canada as President of the Casualty Actuarial Society, I was asked to name a member to represent the countries now covered by the Casualty Actuarial Society. I named Mr. Francis Perryman.

Therefore, Mr. Chairman, I would like to present the following six names for the new Board: Mr. Franckx of Belgium; Mr. Monic and Mr. Beard of Great Britain; Mr. Perryman of the United States; Mr. Philipson of Sweden; and Mr. Johansen of Denmark. I place those in nomination.

SIR GEORGE MADDEX: Well, gentlemen, you have heard those names. Possibly all of you know something about some of them, and that, of course, is as high as one could expect to put it at this stage. I don't think we can very usefully discuss those names or consider any alternatives. I would like, therefore, to put it to the meeting that the six gentlemen whose names have been given to you by Mr. Masterson be appointed the first committee of the ASTIN group.

Will all those in favour raise their hands. Is there anybody against? Then, I take it that the first committee is approved by this meeting. The next step for them will be to meet when convenient to elect from themselves, as provided in Rule 3, a chairman, secretary, treasurer and editor.

We could, of course, disband this meeting while they went into recess and elected those officers, but that doesn't seem necessary or the best way of getting on with the business, especially as it has been arranged that we shall have some addresses on the current situation in certain aspects of work with which ASTIN may concern itself. So, therefore, unless there is any other business relating to the organization, the setup of the ASTIN group, any questions on that which any of those present would like to raise, I would hand over the meeting again to Mr. Masterson to take the chair while the four gentlemen whose names are given in the letter of the 18th of September tell us more about the subject.

Before I do that, is there any observation or question which anybody wishes to make? Well, if I may say so, I think the foundation of the group has proceeded with no undue delay. Now, I

will observe no undue delay, but ask Mr. Masterson if he will take the chair for what might be called the first business meeting of the ASTIN group, although we are all provisional and potential members.

(Applause)

CHAIRMAN MASTERSEN: Thank you, Sir George Maddex.

The first informal speaker to speak before the whole group here before the seven have their meeting is Mr. Wilhelmsen from Norway. Would he come forward please and give a few remarks?

MR. L. WILHELMSSEN: My dear colleagues, I wish to start in the same way as Mr. Franckx to regret that I speak very bad English, but contrary to Mr. Franckx, my French is even worse. Therefore, I prefer to speak English.

(Mr. Wilhelmsen read a paper.)<sup>1</sup> (Applause)

CHAIRMAN MASTERSON: Thank you Mr. Wilhelmsen.

Now, I have a report by Mr. Depoid. (Applause)

MR. P. DEPOID: I tried to make a general survey of the different fields. Further, I would like to show the progress of the work of the problems that interest us. But, it would be necessary to consider all the various works of the various countries, and that would be too big a project.

(Mr. Depoid read a paper)<sup>2</sup> (Applause)

CHAIRMAN MASTERSON: Thank you, Mr. Depoid.

Mr. de Finetti is going to discuss a few remarks from his country. You might be interested to hear that Mr. de Finetti after this meeting is going to the University of Chicago for a couple of months on a research project there.

(Mr. B. de Finetti read a report)<sup>3</sup> (Applause)

CHAIRMAN MASTERSON: Thank you, Mr. de Finetti.

Our last report is the report from the Casualty Actuarial Society representative of the United States and Canada. This report ought to have been given by Mr. Longley Cook, but he is back home ill. The report from the Casualty Actuarial Society will be given by Francis Perryman.

<sup>1</sup> Reported in full later.

<sup>2</sup> Mr. Depoid's remarks have been incorporated in Mr. de Finetti's contribution.

<sup>3</sup> To be reported in full later.

I might say while Francis is coming up here, that Francis and Longley Cook served on the permanent committee, representing the casualty side of the business in connection with this 15th Congress. Also, the Casualty Actuarial Society had a committee of its own to assist in the arrangements of the Casualty Society's program. The members of that committee were Longley Cook and two others who are here. I would like to have them stand. They are Joe Linder of New York and John Edwards of Toronto.

(Applause)

Now, Mr. Perryman, who was recently elected from the United States and Canada to the new Board, will you now present the story of the Casualty Actuarial Society?

(Mr. F. Perryman read a report)<sup>1</sup>

CHAIRMAN MASTERSON: That completes the four reports that were scheduled. But, I would like to call on Paul Johansen of Denmark to give a few concluding remarks. He will make his remarks in English, but I am sure, if necessary, he could also do it in Danish, Swedish, Norwegian and German or French.

(Applause)

MR. P. JOHANSEN: I would like to add a few practical remarks to the papers already delivered today.

First, we hope that the papers presented today may be published somehow under the guidance of either this Congress or of ASTIN itself. So, we hope to have an opportunity of studying in full length the valuable papers that we have heard now.

Then, one point of the rules should be more or less agreed upon today. That is the question of money. Rule No. 6 runs that membership fees will be determined at the meeting of the members. Well, to avoid the situation that we cannot have any fees at our disposal before the next meeting, we would just like to ask the people present how they would regard an annual fee of 200 Belgian francs. That is about 28 shillings or \$ 4. That could not be too much, I hope. Mr. Franckx will add a few remarks to that, but before sitting down, I would like for my own sake to thank you very much for the appointment to the first ASTIN Board. I do not feel that we deserve this appointment as we have not proved ourselves worthy yet, but we hope that after the first period, you will find

<sup>1</sup> Reported in full later.

some valuable progress in our mutual work. I can tell you that for my sake, I will not sink down in the chair. In Denmark we have a rule that people on the Board of our Association must not stay on for more than a rather limited period. Even if I know that the same rule cannot over-all be used in international associations, I personally am just thinking of a single term.

But, I would like to say just one thing more. I think that a body of our size here could prove to be very valuable as a tool for international collaboration. A friend of mine once told me something about some large International Congresses. I would like to say that he didn't criticise the Actuarial Congresses, but still, he said that such a huge Congress was something like the family life of the elephants. You see, it takes place on a very high level. They blow the trumpet all the time, and the results are very late. (Laughter) I hope that we can find the means for some quicker, some more efficient work than work on that scale. I hope it will be a little more like the rabbits, maybe. (Laughter and applause)

CHAIRMAN MASTERSON: Mr. Franckx, can you add to that in connection with fees?

MR. FRANCKX: Well, the first thing I have to say is about the fee. I discussed the question with Mr. Boels who is the General Secretary of the Permanent Committee, and we think the following arrangement for the ASTIN section will operate like the general fee to the Permanent Committee. I will try to explain myself.

You pay your contribution to the Permanent Committee to your national representative. It will be just the same for ASTIN. You have to pay your general contribution plus your ASTIN contribution. That is the first thing.

The second thing is that I think we have had some very interesting papers, and it would be interesting to have discussion about them.

When I came to New York, I expected to be an ordinary member. Thus, for subject IV A, I am Co-Chairman with my friend Johansen. Consequently I am not able to speak about subject IV-A. I would like to make some remarks on subject IV-A, which is, in fact, ASTIN. I think it will be interesting as I don't have to speak on Friday, and I can say something about the ASTIN papers. I shall read this in French.



(Mr. Franckx read a statement.)<sup>1</sup> (Applause)

CHAIRMAN MASTERSON: It is now four-thirty p.m. or 16.30. There is another short announcement by Paul Johansen. While you are making that announcement, Paul, will you just clarify for us again this matter of the ASTIN dues and the International Congress dues and so forth.

MR. JOHANSEN: The announcement that I was very sorry to forget a moment ago was that we have decided that tomorrow afternoon at this same place, same time, here in this room, at 2.30, p.m. a quite unofficial gathering or meeting could take place.<sup>2</sup>

We have only a few possibilities of speaking together, and we find it would be useful if those of us who are really interested in these matters could come together here and just exchange views and maybe also, quite unofficially, discuss a little the problems under discussion.

We might also discuss the future possibilities of ASTIN studies. We have talked about forming a kind of editorial board with members from various countries. Maybe we could also consider that point tomorrow.

Then, I would just like to say this about the membership fee: We have fixed it in Belgian francs so that it could be paid together with your fees to the Permanent Committee on the same bill for personal members.

CHAIRMAN MASTERSON: Mr. Beard has asked for just two minutes. Could you keep it within two minutes? Then, I want Mr. Perryman to make a few remarks.

MR. R. E. BEARD: Mr. Masterson, Sir George, on behalf of the British contingent, I would like to say a few words. There aren't many of use here, but I would like to say thank you very much for including me on the committee. I look forward to extending the activity of the actuarial field in my country.

I think language has been one of the difficulties that have been before us. I heard that Mr. Depoid has given us a list of the French contributions. In Mr. de Finetti's contribution, I have heard him refer to many others of the works which I have had to work through.

Two further things occurred to me during the remarks. Mr.

<sup>1</sup> As reported in the proceedings of the 15th Congress.

<sup>2</sup> Summary of Mr. Philipson's remarks reported later p. 32.

Wilhelmsen made the comment that fire, or shall we say, non-life insurance rates could be adjusted easily. I am sure our American and Canadian colleagues would be interested to hear that fire and windstorm rates could be so easily adjusted!

There was another point which I would like to mention. Cross-fertilization was mentioned in Mr. Longley Cook's comments. Those of you who have read the Congress papers for this morning's discussion will notice Mr. Ammeter's contribution on experience rating. In the London market, we do see quite a lot of reinsurances of retrospective rating in Workmen's Compensation business. I happen to know one of the leading underwriters concerned with this business and I am sure that if he could understand Mr. Ammeter's paper, the rating would be a little more precise. He has set up a criterion which is very valuable and, I believe, has written a generalization of the paper.

I must say, it is a very happy day for me because I think it was in 1946 that Paul and I had dinner in London. We talked about problems of fire insurance, and we both said it will be nice when we can sit down officially with other actuaries and discuss these problems.

Thank you. (Applause)

CHAIRMAN MASTERSON: Is Mr. Perryman here?

MR. PERRYMAN: I have just a short announcement to make. The official programme of the 15th Congress provides for visits to life companies. If any of you are interested in seeing the electronic installation of the Royal Insurance Company, we will be very happy to see you at three o'clock on Friday of this week.

If you want to come, it would be helpful if you give Mr. Schloss of our company, who is in the back, your name. We have a 705 equipment there which has just been put in.

CHAIRMAN MASTERSON: Before we close, what were the hours, again, for another informal meeting?

MR. JOHANSEN: The same place, same time.

CHAIRMAN MASTERSON: Thursday, 14.30, same place.

MR. FRANCKX: I want to express thanks to Sir George Maddex and Mr. Masterson. (Applause)

CHAIRMAN MASTERSON: This merely is a recess, then, until tomorrow at 2.30 p.m. right here.

(The meeting ended at four forty-five o'clock)