

RISKY BUSINESS

—News and notes on the Actuarial Studies Program—

Department of Mathematics

Spring 2001

The University of Texas at Austin

From the Director



Although life with the actuarial program is never serene, it's great to have a quieter year than we had in 1999-2000.

Last year's most impactful changes—new UT-Austin classes for the new SoA and CAS exam systems, new colleague teaching Interest Theory, new proposals for an actuarial M.A. program and the equivalent of an undergraduate actuarial major—caused some occasional turmoil. This year they form the basis of a growing Actuarial Studies program; see related articles in this *Risky Business*.

The biggest change this year has come in the nature of the recruiting process for entry-level actuarial employees and for summer interns; see the article in the adjoining columns.

One disappointing change: the response in discretionary funds to our April 2000 fund-raising drive was about 23% below that in 1999, actually dropping us below the 1998 response. This first-ever decrease didn't have an immediate impact because we had carefully accumulated a modest reserve for such a contingency.

If we don't reverse this in the current 2001 fund drive, however, student financial aid and some activities will suffer. I hope that actuarial-program alums, actuarial employers, and other supporters will prevent this from happening. An expanding program that wants to maintain its high quality needs expanding support.

Jim Daniel, Director

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Hot market changes recruiting

The availability of more entry-level actuarial jobs than graduating actuarial students has dramatically changed the face of recruiting, affecting summer internships as well.

Historically, only a few employers interviewed entry-level job candidates in the fall semester, most focusing on the few December graduates but with some taking a first look at May/August graduates. Most entry-level interviewing took place early in the spring semester, with job offers made after the middle of that semester. Summer-internship interviews rarely took place on campus; most employers conducted phone interviews and made internship offers without office visits or face-to-face interviews.

Changes in those patterns started in 1999-2000 and accelerated in this 2000-2001 academic year.

At the start of the fall 2000 semester, some December 2000 and May/August 2001 graduates already had job offers from companies with whom they had been summer interns. Fourteen companies interviewed on campus in the fall, and most were actively seeking not only December graduates but also May/August graduates and summer-intern candidates. Three May/August graduates accepted job offers during the fall, and some others attracted enough interest—office visits and job offers—that they did not submit a resumé for the February mailing.

Several students had already accepted summer internships by the start of this spring semester. More companies than ever are offering summer internships, in part because of the correlation between where students intern and where they accept their first jobs. For the same reason, more companies are making sure that interns perform some interesting work and get a taste of what their first job would really be like. Starting next fall, the program will mail a packet of internship-candidate resúmes in October as well as in the usual February.

The job market has also caused employers to increase their efforts at visibility among the student population through such things as company-named scholarships, dinners for the students at nice Austin restaurants, presentations about the company before the student club, and the like.

Since the job market shows little sign of cooling off, employers may want to take these changes into account in planning for the 2001-2002 academic year recruiting.

On the Web—Below, “start/” stands for “www.utexas.edu/depts/acs/” .

- Basic Website: start/
- M.A. program: start/MA.html
- Job resúmes: start/stuannounce/jobs/resumes/PermResumes.html
- Intern resúmes: start/stuannounce/interns/resumes/InternResumes.html
- Risky Business*: start/proginfo/riskybus/rbget.html

Fall replaced by spring in 2002

Each fall for 12 years, Jim and Ann Daniel—with the support of Rudd & Wisdom—have held an Actuarial Open House at their home, with students, alums, and local actuaries attending (see the adjoining photo). In order to involve more students, starting in the 2001-2002 academic year the open house is moving to the spring semester when the large interest-theory class is taught. We hope to see many of you there!



New degree plans boost growth

Evidence indicates significant growth in numbers of actuarial students with one or more years remaining in the actuarial program, which should produce future graduates numbering markedly more than the slightly-below-average numbers of this year and last. Two new degree plans appear to be at least partly responsible for the growth.

Fall 2000 data showed there to be 23 juniors in the program, compared with just nine in fall 1999. The total of declared actuarial students rose about 15% over fall 1999, and enrollment in the advanced classes on Joint Exam 3 was up about 20%.

Spring 2001 numbers show even larger increases. Total declared actuarial students rose about 30%, thanks in part to a nearly 50% growth in enrollment in the large interest theory introductory class. Enrollment in the advanced classes on Joint Exams 3 and 4 was up about 75%.

Last year's *Risky Business* led with stories on a proposed new B.S degree and the start of an actuarial focus under Math's M.A. degree; these degree plans are attracting students.

The B.S. degree (Actuarial Option) that became official in fall 2000 is essentially an actuarial major, in part requiring calculus, linear algebra, probability, statistics, interest theory, three semesters of economics, accounting, finance, and three of the six classes for Joint Exams 3 and 4. Because historically so many actuarial students only become interested in the program late in their college careers, we expected only a handful of students to choose the new B.S. option; to our surprise and delight, 25 had done so by late fall 2000. The Mathematics Department advisers report that more students ask about the Actuarial Option than any other.

Fall 2000 saw the arrival of the first six students admitted to Math's M.A. program with an actuarial focus. Among their 10 classes for the M.A. they must take all three classes



New grad students meet alums at welcome party

covering Joint Exam 3 and at least three classes from a list including Joint Exam 4 classes, economics, finance, statistics, risk management, and management & information science. Each student must also complete a Master's Report on an actuarial project, preferably a project done as part of an actuarial internship with an actuarial employer. All six fall 2000 students are supported as Teaching Assistants in mathematics classes; three have passed at least one actuarial exam. Four-to-eight new students are expected each year for this two-year program.

Jason Simon **Highland Village, TX**

Freshman in Professional Accounting Program. Credit for Exam 1, taking Exam 2 in May. Enjoys movies, basketball, music.

Interviews is extremely positive, and the UTAAA will continue to host this annual event at the beginning of each academic year.

The UTAAA now claims a membership of over 90 graduates of the UT actuarial program. Recent alumni interested in joining the UTAAA or volunteering at the Mock Interviews should contact the UTAAA Chairperson, Lillian Cho: Milliman & Robertson, 9400 N. Central Expressway, #1000, Dallas, TX 75231; 214/863-5500; lillian.cho@milliman.com

Pass rates bring syllabus turmoil

Pass rates on the initial Joint Exams 1-4 in May and November 2000 have produced some continuing turmoil in the exam syllabi and the actuarial community—especially in the P&C community represented by the CAS.

Pass rates on Joint Exams 1 and 2 in May were in the 20-25% range, improving to 30-35% in November, about what the rates for Joint Exams 3 and 4 were both times. The 30-35% numbers are roughly comparable to historical rates for early major exams of the SoA and CAS,

Turmoil arose in both the SoA and the CAS communities over the low May pass rates on the first two exams—especially the first, which is intended to be an “attractor exam” that brings people into the field. The increased rates in November have calmed those waters somewhat, although it remains to be seen whether the higher rates continue.

Unhappiness remains high in the P&C community, however. Data compiled by the CAS indicate that exam takers in the P&C community fared worse on Joint Exams—especially Joint Exam 3—than did those in the SoA community or did students in colleges and universities; see www.casact.org/students/update3and4.pdf for details. For example, the Joint Exam 3 pass rates were 20% among working “CAS student actuaries”, 31% among working “non-CAS student actuaries”, and 54% among students.

Many in the CAS blame the results on what they see as an over-emphasis on material that is too theoretical or is irrelevant to P&C actuaries. A joint SoA/CAS task force responded to the concerns by eliminating about one-sixth of the syllabus—including some of the most theoretical material—for the upcoming May 2001 Joint Exam 3. [Joint Exam 3 still treats life contingencies, ruin theory, loss distributions, simulation, and stochastic processes.]

But the CAS e-mail list-serve continues to carry lively discussion on the joint exams, much of which argues in favor of the CAS going its own way.

The UT-Austin actuarial program will try to stay aware of these developments and aim to have the program's classes continue evenhandedly serving both the SoA and CAS communities.

Actuarial alums teach interviewing

The UT Actuarial Alumni Association (UTAAA) hosted its annual Mock Interviews last September. Five alumni from various actuarial employers volunteered their time. Fourteen students, the majority of whom were juniors with little or no interview experience, attended the event.

The Mock Interviews allow students to have informal discussions with alumni about career opportunities, resumés, employer recruiting functions, and of course, interviews. The alumni, with personal interview/job-hunting experience as well as an employer perspective, offer students invaluable advice on becoming better job candidates. Student feedback on the Mock

*Kristin Olsen
Longview, TX*

Graduating in December in Math.
Credit for Exam 1, taking Exam 2 in
May. Enjoys cooking, architecture,
dance, travel.

Actuarial Studies Advisory Council

The ASAC meets each fall to provide advice on the operation of the program, hear a detailed report on the use of gift monies, brainstorm on future activities, and assist with fund-raising plans.

The fall 2001 meeting—see photo below—discussed such topics as the disappointing response to the April 2000 fund-raising drive (see *From the Director*), international M.A. students, the SoA/CAS idea for a single comprehensive exam covering the first four Joint Exams, and the like. After the meeting, the usual reception for ASAC members and actuarial students was a lively success.



Current ASAC members are: Wayne Barnard of American General Insurance, Houston; Malcolm Brachman of Northwest Oil, Dallas; Frank Broll of American National Insurance, Galveston (ASAC Chair); John Butcher of Tillinghast/Towers Perrin, Dallas; Jim Davis of Milliman & Robertson, Dallas; Phil Dial of Rudd & Wisdom, Austin; Brian Forman of Columbia Universal Life, Austin; Linda Konarik of William Mercer Co., Houston; Valerie Lopez of Towers Perrin, Chicago; Norman Parrish of Hewitt Associates, The Woodlands; Roger Ray of Watson Wyatt Worldwide, Dallas; Mike Scruggs of Scruggs Consulting, Argyle; Tammy Shelton of Buck Consultants, Dallas; Glenn Tobleman of Lewis & Ellis, Richardson; Geoff Werner of USAA Insurance, San Antonio; and Greg Young of PricewaterhouseCoopers, Dallas.

Risky Business

Computers provided M.A. students

Four actuarial employers have contributed funds to purchase workplace-like computer systems for use by the students in the actuarial M.A. program. Gifts came from Towers Perrin (two systems), Watson Wyatt (two), Hewitt Associates (one), and Rudd and Wisdom (one).

Math Department Teaching Assistants have computers or terminals in their offices. These run the Linux variant of the Unix operating system and link to the Department network. Thus the actuarial M.A. students have office access to powerful remote computing but not to the typical MS Windows environment—with MS Word, MS Excel, and the like—that they are likely to use as working actuaries.

Thanks to the generosity of the above-named employers, these students will now gain experience with the same sorts of systems they will find in the workplace. In particular, they will be able to use those systems in preparing their Master's Reports on an actuarial project completed during their summer internships.

Since the actuarial M.A. program is a two-year program, we would like to have similar equipment for two years worth of new students—a total of 12 systems. Anyone interested in funding the purchase of a system (about \$1,400) should contact Jim Daniel.

E-mail forwarding available for alums

The Texas Exes now provides free e-mail forwarding for life for former UT students. You receive a permanent e-mail address, and incoming e-mail is automatically forwarded to your current e-mail address. For detailed information, see www.alumni.utexas.net/.

How to reach us:

Jim Daniel can be reached at
512/471-7168: UT office
512/471-9038: UT FAX
512/343-8788: home office
512/343-8788: home FAX
jimdaniel@mail.utexas.edu

Twelve make Associate

Starting with the 1994 issue, *Risky Business* has attempted to identify all new Associates that have come through the UT program since its move to Mathematics. No attempt is made to recognize other important status changes, however: Fellowship, membership in the Academy, marriage, parenthood, Lotto winnings, and the like. We don't have a team of reporters, remember!

The following list includes some updates that should have appeared last spring but were missed in the transition to the new exams—sorry! Any additional omissions are regretted, and corrections will be appreciated.

Bonnie Sudderth Albritton, A.S.A., TIAA-CREF (New York); Stephanie Beach, Towers Perrin (Austin); Douglas Brown, A.S.A., National Life (Montpelier); Amanda Priesmeyer Chipuk, A.S.A., Rudd & Wisdom (Austin); Adam Eichstadt, A.S.A., Ernst & Young (Dallas); Bob Geer, A.S.A., SBC Communications (San Antonio); Jeff Passmore, A.S.A., Watson Wyatt (Dallas); Rebecca Pauwels, A.S.A., Hewitt Associates (Atlanta); Sean Staggs, A.S.A., GPM Life (San Antonio); Gary Stanford, A.S.A., Hewitt Associates (The Woodlands); Mike Teng, A.S.A., location unknown; Chris Throckmorton, A.C.A.S., GeneralCologne Re (Stamford). *Congratulations!*

*Kevin Kline
Austin, TX*

Junior in Math and Econ. Credit for
Exam 1, taking Exam 3 in May.
Enjoys camping, cooking, working
outdoors, and strategy games.

Yun Ri

Shanghai, China

First-year student in Actuarial Math
M.A. program. Credit for Exam 1,
taking Exam 3 in May. Enjoys travel,
karaoke, photography.



Focus on students

Actuarial Club members avoid Survivors' problems

As 16 new castaways are struggling to survive in the Australian Outback, the Actuarial Student Club is thriving. Membership and participation are on the rise because of the new actuarial degree plan offered at UT (see page 2) and surging enrollment in the interest theory class.

Some new employers have begun to make their presence known to Club members. Unifi Networks and Chicago Consulting Actuaries made their recruiting debut this year. Additionally, representatives from USAA, William M. Mercer, American General, Milliman & Robertson, Watson Wyatt, Towers Perrin, Ernst & Young, Pricewaterhouse Coopers, and the Texas Department of Insurance made presentations to Club members. While the new survivors are dealing with the harsh reality of food shortage, these companies guaranteed that no student would leave a talk hungry or empty handed.

Club officers are Kale Sears (President), Brian Sprawka (Vice President), and Kyle Hood (Treasurer). The most exciting development for the Club this year is our new web page. Our Vice-President, Brian Sprawka, has done an excellent job of creating a web site that caters to the needs of students. (See the short article in the next column.)

For the remainder of this semester, we are planning several social activities to celebrate the end of another school year. After all, the actuarial students have managed to survive the year without resorting to backstabbing alliances.

Kale Sears, President

Kyle Hood

West Des Moines, IA

Junior in Math and Econ. Credit for Exams 1 & 2, taking Exam 3 in May.

Active in the Math and Actuarial Clubs, working on an economics research project.

Financial-aid honor roll

With educational costs continuing to rise faster than inflation, funding for financial aid continues as the program's biggest need. Most scholarships are funded by directed gifts from companies and individuals, although the George Jordan, Jr., Scholarships are funded from the many annual discretionary gifts, small and large, from both individuals and companies.

Outstanding students receiving merit-based financial aid from the actuarial program during academic year summer 2000 through spring 2001 included:

Actuaries Club of the Southwest Scholarships: Eddie Bradford, Sean Fulton, Samuel (San) Hau, Anne Miller

AEGON Insurance Group Actuarial Mathematics Scholarships: Sarah Fowler, Shane Garonzik, Kevin Kline, Adrienne Wagner

William W. Hand Memorial Actuarial Scholarship (American Society of Pension Actuaries): Eddie Bradford, Sean Fulton

George R. Jordan, Jr., Actuarial Scholarships: Shane Garonzik, Steven Kendrick, Kevin Kline, Jinghua Kuang, Yun Ri

William M. Mercer Actuarial Scholarships: Kristin Olsen, Brian Sprawka

Milliman & Robertson Standard of Excellence Actuarial Scholarship: Daniel Schwanke

C. Mitchell Actuarial Scholarship: Kale Sears

Rudd and Wisdom Actuarial Studies Scholarship: William Mantzel

D. W. Simpson & Co. Scholarship: Kale Sears

Southwest Actuarial Forum Scholarships: Eddie Bradford, Pete Panno, Daniel Schwanke, Kale Sears, Jason Simon

Towers Perrin Actuarial Scholarship: Brian Sprawka

USAA Actuarial Scholarships: Sarah Fowler, Adrienne Wagner

Watson Wyatt Actuarial Scholarships: Kyle Hood, Brian Sprawka

Eugene Wisdom Memorial Scholarship in Actuarial Studies: Anne Miller

Actuarial Studies Excellence Awards (Fireman's Fund and USF&G merit-based loan program to assist the Texas Department of Insurance): Eddie Bradford, Dathan Camacho, Shane Garonzik, Tuner Hall, Kevin Kline, Kristin Olsen, Pete Panno, Brian Sprawka

Texas Department of Insurance Internship (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): Harv Aranda, Rahil Budhwani, Dathan Camacho, Dawn Childs, Rachel Goodwin, Holly Hobbs, Cara McCarty, Kristi Spencer, Chad Waddell. *Congratulations to you all!*

Student-run Website full of features

Junior actuarial-student Brian Sprawka has put together a great student-run Website with study group areas, bulletin boards, links to employers, and the like. Take a look at www.utexas.edu/students/actuary/ and send your ideas for additions to bsprawka@mail.utexas.edu.

Expenses of *Risky Business* are paid with gift funds from friends of the program.

Sarah Fowler Plano, TX

Graduating in May in Math (Actuarial Option). Credit for Exam 1. Enjoys swimming, dancing, drawing, photography, and computers.

Jinghua Kuang China

First-year student in Actuarial Math M.A. program. Credit for Exam 1, taking Exam 2 in May. Enjoys travel, swimming, movies, reading.