

RISKY BUSINESS

—News and notes on the Actuarial Studies Program—

Department of Mathematics

Spring 2002

The University of Texas at Austin

From
the
Director



As always, there's good news and bad news.

The good news is that we're growing rapidly while maintaining quality (see the lead story **50% annual growth**). Oddly, that's also the bad news (see the lead story **Scholarship funds**).

After about eleven years of essentially steady enrollments, we've suddenly had over 50% annual growth for two years, with no end to growth in sight. As a result, we've had to slash scholarship awards about in half to continue awarding scholarships to all that pass exams.

We need more funds for scholarships to help these successful students focus on academics and exams rather than on waiting tables to earn money to deal with rapidly rising college costs. Any employers interested in joining those (see **Financial-aid honor roll** on page 4) that fund named scholarships should contact me.

Individuals and companies can also help by simply contributing to the program in the spring fund-raising drive, or by increasing their annual gift there. About 40% of such gifts are budgeted for scholarships. Total gifts have been falling for two years, however, despite improvements in the program and its product.

I don't enjoy asking for money. I've always said that if we had more students passing exams we'd get more money for scholarships. I'd hate to eat my words. Please help.

Jim Daniel, Director

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Explosive growth maintains quality but brings financial-aid problems

50% annual growth seen

Students are flocking to the actuarial program in unprecedented numbers, and quality is holding steady. As the adjoining story indicates, this has overwhelmed the funds available in scholarships.

Many students take Interest Theory as their introduction to the actuarial program. Enrollments in that spring class had for many years been around 45, but grew 51% in 2001 and another 69% to 115 in 2002. Interest Theory will be offered in the fall semester for the first time in 2002 to handle

See Growth on page 3

First job-fair a success

Our first-ever actuarial job fair last September was quite a success, as judged by employer and student reaction. We intend to offer this every September.

The job fair was actually part of the Career EXPO organized by UT's College of Natural Sciences, in which the actuarial program resides. Actuarial employers that wished it were grouped together in an actuarial area.

The actuarial profession got a boost, as did our actuarial program, by having hundreds of bright students ask "What's an actuary?" Career literature from the SoA and CAS was made available in the actuarial area as well. And employers got a chance to talk with and put their company name and handouts in front of more students than on a typical recruiting or speaking visit (over 3100 students attended Career EXPO).

For information on next year's EXPO and how to sign up, contact Ms. Laura Mondino (mondino@mail.utexas.edu, 512/475-6141) in the Natural Sciences College Career Services office by mid-summer. This office also offers recruiting and interviewing services for employers seeking non-actuarial job candidates.

Scholarship funds swamped

Rapid growth in good students in the actuarial program (see the adjoining story) has overwhelmed the scholarship funds for students that pass an actuarial exam. Additional funds are badly needed in employer-funded scholarships or in individual or corporate general gifts to the actuarial program, of which about 40% is budgeted for scholarships.

For some years, the program awarded scholarships to students that pass an exam, with more money for more exams. About half of these were awarded by actuarial employers, about half by general contributions to the program (by individuals, employers, the Actuaries Club of the Southwest, or the Southwest Actuarial Forum), and one from a permanent endowment; see **Financial-aid Honor Roll** on page 4.

Scholarships budgeted for 2001-2002 had all been awarded by fall 2001, when 19 students qualified for a spring scholarship by passing a November exam. Scholarships had to be cut.

See Aid swamped on page 2

Résumés on-line only

Starting this semester, résumés of job-hunting students are available only electronically on the Web. Employers and donors are mailed letters alerting them to the résumés, but bulky packets of printed résumés are no longer mailed.

Surveyed employers overwhelmingly preferred the electronic-only format—and of course it saves the program money. This also makes it easy to update résumés.

Résumés can be found in three locations: utactuary.info/actjobs.html for those seeking entry-level actuarial jobs, utactuary.info/nonactjobs.html for those seeking entry-level non-actuarial jobs, and utactuary.info/actints.html for those seek-

See Résumés on page 2

SoA considers restructuring exams in 2005; input sought

The SoA is well on the road toward another restructuring of the exam system in 2005, and your input is sought on the possible changes.

The fundamental report—Report of the Task Force on Education and Qualification 2005 (TFEQ 2005 Report)—that presents the case for restructuring and that outlines a tentative new qualification system can be downloaded from the Web at www.soa.org/eande/taskforce_2005.html. The SoA Board appointed two working groups last fall to continue developing the plan, one focusing on the “preliminary education” issues and one on the “actuarial education” issues.

Jim Daniel has been appointed to the Preliminary Education Working Group (PEWG) that will address preliminary education issues growing out of the TFEQ 2005 Report and the reactions to it. [Daniel has publicly criticized a number of aspects of the TFEQ 2005 Report, and this naturally landed him on this working group!]

The PEWG will address such issues as what learning objectives to propose (currently in probability and introductory statistics, corporate finance and compound interest, atastatistical methods, economics, investments and asset/liability management, modeling, and professionalism), whether to recommend college-course-based exemptions from exams on some of the subjects, whether to recommend a new Quantitative Risk Analyst SoA designation based on the preliminary education as proposed in the TFEQ 2005 Report, et cetera.

After you read the TFEQ 2005 Report, let your opinions be heard. Comments on the broad issues of the TFEQ 2005 Report can be sent to Task Force Chair Steve Radcliffe (Steve.Radcliffe@aul.com) for transmission to the SoA Board. Comments on preliminary education can be sent to Jim Daniel (jimdaniel@mail.utexas.edu) and to the PEWG chair Stuart Klugman (Stuart.Klugman@drake.edu).

Donors provide more computers for M.A. students

Two more actuarial employers have provided funds to purchase workplace-like computer systems for use by the students in the actuarial M.A. program. Gifts came from both Buck Consultants (Dallas) and PricewaterhouseCoopers (Dallas).

Math Department Teaching Assistants have computers or terminals in their offices. These run the Linux 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 that they are likely to use as working actuaries.

Thanks to the generosity of these employers, two more 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 required Master’s Reports on an actuarial project completed during their summer internships.

Aid swamped *continues*

Per-semester recent awards had been \$1250 for Joint Exam 1, \$500 more for Exam 2, \$750 more for Exam 3, and \$500 more for Exam 4. In fall 2002, the awards will be \$625 for Exam 1 (graduate students not eligible), \$625 more for Exam 2, \$750 more Exam 3, and \$625 more for Exam 4. If the program continues to grow, additional reductions may be necessary.

Rudd & Wisdom, Austin; Brian Forman of Pan-American Life, Austin; Linda Konarik of William M. Mercer, Houston; Valerie Lopez of Towers Perrin, Chicago; Karen Nowiejski of Nova Pension Valuations, Houston; 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; Catherine Taylor of USAA P&C Insurance, San Antonio; Glenn Tobleman of Lewis & Ellis, Richardson; Eric Vaith of USAA P&C Insurance, San Antonio; and Greg Young of PricewaterhouseCoopers, Dallas.

On the Web—We’ve finally gotten a simpler URL for the actuarial program. The old ones still work, but the simpler ones are:

Enter the Website:	utactuary.info
M.A. program:	utactuary.info/MA.html
Actuarial job résumés:	utactuary.info/actjobs.html
Non-actuarial job résumés:	utactuary.info/nonactjobs.html
Summer intern résumés:	utactuary.info/actints.html
<i>Risky Business</i> :	utactuary.info/proginform/riskybus/rbget.html

**Ho Leung Au-Yeung
Hong Kong**

Math and Economics major graduating May 2003. Passed Exams 1, 2, taking Exam 3 in May. Enjoys reading, running

Actuarial Studies Advisory Council

The Actuarial Studies Advisory Council (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 2002 meeting focused primarily on how to deal with our recent growth, especially as it impacts scholarships. After the meeting, the usual reception for ASAC members and actuarial students was a lively success.

ASAC members are: Wayne Barnard of American General Insurance, Houston; Malcolm Brachman of Northwest Oil, Dallas; Joe Cantu of American National Insurance, Galveston; Jim Davis of Milliman USA, Dallas (ASAC Chair); Phil Dial of

Résumés *continues*

ing actuarial summer internships.

Each Website above provides a list of students seeking that type of position, from which you can download a pdf file of the individual résumés. You can also download a pdf file of all the résumés for that type of position.

By the time you receive this *Risky Business*, we hope to provide a database you can search for students matching your criteria.

Comments and suggestions are invited.

Recent alums offer mock interviews

The UT Actuarial Alumni Association (UTAAA) attracted 20 students to participate in its Mock Interviews last fall. Each year, the UTAAA hosts this event to improve students' interviewing skills through one-on-one interviews, with a follow-up evaluation. Alumni volunteers also discuss various topics related to the actuarial job search, including résumés, career opportunities, employer recruiting functions, work experience, and exam progress.

The Mock Interviews are also a terrific opportunity for alumni to reunite and can be used to give recent alumni a chance to practice their interviewing skills from an employer perspective.

The UTAAA thanks the following alumni who volunteered at the 2001 event: Elizabeth Bishop (Watson Wyatt), Lillian Cho (Milliman USA), Jennifer DuToit (Watson Wyatt), Allen Jacobson (UT MBA), Anmol Mehra (UT MBA), Karen Nowiejski (Nova Pension Valuations), Kale Sears (Watson Wyatt), and Susan Van Horn (USAA).

The UTAAA will host the Mock Interviews again in mid-September 2002. Alumni interested in joining the UTAAA or volunteering at the Mock Interviews should contact the UTAAA Chairperson:

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

Amber Phillips **Grand Saline, TX**

Math major graduating May 2002.
Passed Exam 1. Enjoys sports, music.

Eric Chiu **Spring, TX**

Math & CS major graduating May 2003. Enjoys world travel.

New SoA and CAS Associates

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 shows a record UT-Austin crop of new Associates in both the SoA and the CAS. Any omissions are regretted, and corrections will be appreciated.

ASA:

Chris Goendyke, USAA Life Insurance (San Antonio)
Tony Lauridia, United American Life Insurance (McKinney)
Joe Lopez, Rudd & Wisdom (Austin)
Julie Norman, Rudd & Wisdom (Austin)
Sam Prasad, Synhrgy (Houston)
Robyn Aase Richards, Rudd & Wisdom (Austin)
Kevin Zagortz, Watson Wyatt (Dallas)

ACAS:

Kofi Boaitey, Reliant American Insurance (Fort Worth)
Serhat Guven, USAA P&C Insurance (San Antonio)
James Norris, Scruggs Consulting (Argyle)
Robert Penwick, USAA P&C Insurance (San Antonio)

Congratulations!

Sorry, you weren't invited!

Recent alums of the UT-Austin actuarial program may have noticed that they were not invited this January to Jim and Ann Daniel's annual actuarial open house co-sponsored by Rudd & Wisdom. Invitations to 150 students in spring actuarial classes, 60 local actuaries, and 270 recent alums might have produced too many guests to handle.

Recent alums that would really like to attend these spring events can e-mail Jim Daniel each January for information and an invitation.

Growth continues

the increased enrollment. The Mathematics Department has agreed to assign teachers to Interest Theory as a general Department responsibility, just as for Calculus.

Not surprisingly, the growth in Interest Theory enrollments has been accompanied by similar growth in the higher level actuarial classes covering the content of Joint Exams 3 and 4 (life contingencies, risk theory, credibility, applied statistics, et cetera). Combined enrollments in Jim Daniel's two such fall semester classes rose 20% in fall 2000 and another 60% to 96 in fall 2001. Combined enrollments in his two such spring semester classes rose 67% in spring 2001 and another 91% to 67 in spring 2002.

Sunde Schirmers **Bloomington, MN**

Actuarial M.A. student graduating
May 2002. Passed Exam 1. Yes, she
was born on Sunday.

Mark Filarowicz **Denver, CO**

Math & Philosophy major graduating
December 2003. Passed Exams 1, 2.
Enjoys camping, hiking.

Samer Abi Ghanem **Lebanon**

Actuarial M.A. student graduating
May 2003. Passed Exam 1. Enjoys
swimming, playing music.

Despite the growth, Jim Daniel has found himself giving at least his usual percentage of A's and B's, indicating that the growth has not reduced quality. The numbers of students passing exams is growing rapidly. While 15 students in September 2000 had passed an exam, 23 had done so in September 2001. Six of the 12 students that took an exam in November 2000 passed it, while 19 of 38 did so in November 2001.

While such growth's cause is unclear, it corresponds to the availability of a formal actuarial degree—the B.S. in Mathematics (Actuarial Science Option), which one-fifth of all mathematics majors now choose.



Focus on students

Financial-aid Student Club expands activities

Honor Roll

With educational costs continuing to rise faster than inflation and the enrollment of strong students exploding, funding for financial aid continues as the program's biggest need (see the two lead stories on page 1).

Outstanding students receiving merit-based financial aid from the actuarial program during academic year summer 2001 through spring 2002 included:

Actuaries Club of the Southwest Scholarships: Rebecca Armon, Jason Simon
AEGON Insurance Group Actuarial Mathematics Scholarships: Kristin Olsen, Jason Simon

William W. Hand Memorial Actuarial Scholarship (American Society of Pension Actuaries): San Hau

George R. Jordan, Jr., Actuarial Scholarships: Samer Abi Ghanem, Ho Leung Au-Yeung, Rahil Budhwani, Ana Cunha, Mark Filarowicz, Sean Fulton, San Hau, Zachary Ho, Holly Hobbs, Brendan Kallaugher, Greg Kantor, Kevin Kline, Jinghua Kuang, Kristin Olsen, David Rager, Yun Ri, Adrienne Wagner, Yuan Zhang

William M. Mercer Actuarial Scholarships: Anthony DiTanna, Jinghua Kuang, Jason Simon

Milliman USA Standard of Excellence Actuarial Scholarship: Brian Sprawka

C. Mitchell Actuarial Scholarship: Sean Fulton

Rudd and Wisdom Actuarial Studies Scholarship: Kyle Hood

D. W. Simpson & Co. Scholarship: Kevin Kline

Southwest Actuarial Forum Scholarships: Kyle Hood, Kevin Kline, Brian Sprawka, Adrienne Wagner

Towers Perrin Actuarial Scholarships: Mark Filarowicz, Joel Griffith, Amber Phillips, Sunde Schirmers, David Sheridan

USAA Actuarial Scholarships: Kevin Kline, Adrienne Wagner

The Actuarial Student Club has some new and exciting activities. The club's first ever T-shirt was put into print last semester. Some lucky club members have been sporting a new black shirt with the club's logo on the front and the ever-so-witty phrase "actuaries do it with models" on the back. The club also created a new men's basketball intramural team that is currently fighting its way to the championship.

Along with these new developments, members have been enjoying a full load of corporate presentations. Last semester corporate presentations proved to be both interesting and valuable as many of the employers focused on real-world problems.

The spring semester's meetings are almost all booked thanks to organizations such as Watson Wyatt, PricewaterhouseCoopers, Towers Perrin, William M. Mercer, American General, USAA, and American Society of Pension Actuaries. Most of the spring presentations are focusing on the different career paths available to actuarial students. Overall, the club has had a great year and we are all looking forward to celebrating it with the end-of-the-year social.

Brian Sprawka, President



Actuarial M.A. student dinner at the Daniels'

Watson Wyatt Actuarial Scholarships: Yun Ri, Brian Sprawka

Eugene Wisdom Memorial Scholarship in Actuarial Studies: Anthony DiTanna

Actuarial Studies Excellence Awards (Fireman's Fund and USF&G merit-based loan program to assist the Texas Department of Insurance): Samer Abi Ghanem, Eddie Bradford, Carlton Greenhaw, Brendan Kallaugher, Kevin Kline, Kristin Olsen, David Sheridan, Jasmin Shum, Jason Simon, Brian Sprawka

Texas Department of Insurance Internship (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): Rahil Budhwani, Zachary Ho, Winnie Hung, Jessica Johns, Janese Palmer, Dhwiya Patel, Choong-Ching Pek, Amber Phillips, Nara Sean, Wei Yu

Congratulations to you all!

Brian Sprawka honored

Graduating senior Brian Sprawka has been named the new student representative on the Editorial Board of *The Future Actuary*, the newsletter for SoA and CAS exam candidates. He will serve a two-year term.

Each year nominations are solicited nationwide for one new student to represent students on the Editorial Board of the thrice-yearly newsletter. UT-Austin was pleased to nominate Brian and delighted but not surprised by his selection. He will attend Editorial Board meetings at the expense of the SoA and CAS.

Originally from Victoria, TX, Brian is a Business Honors and Finance major with a GPA barely below 4.0 and is the current President of the Actuarial Student Club. He has passed the first three Joint SoA/CAS Exams.

Brian has had actuarial summer internships with Towers Perrin (Houston) in the pension field and with Tillinghast/Towers Perrin (New York) in financial services. He has accepted a job with Tillinghast/Towers Perrin (Dallas).

To quote from the Chair of the Editorial Board: "The members of the board were very impressed with his academic accomplishments, exam performance, and with his communication. The Board feels that his accomplishments indicate leadership capability and the well-rounded personality desired by actuarial employers."

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