
RISKY BUSINESS

—News and notes on the Actuarial Studies Program—

Department of Mathematics

Spring 2003

The University of Texas at Austin

From the Director



“It’s the economy, stupid.” That’s the driving force affecting the University and thus the actuarial program at the moment.

As often occurs in bad economic times, UT-Austin has seen record high enrollments, as has the actuarial program (see **Explosive** on this page). The economy has also probably contributed to the continuing decrease in gifts to support the program.

The University’s budget cuts cost us the chance to get a *new* budget line for a new actuarial instructor, but the Mathematics Department allowed us to use an existing line to hire Changki Kim (see **Teaching** on this page).

Students are suffering in the tightest job market in my 14 years with the actuarial program. Through mid-March, only three employers have come to interview May/August graduates, and it appears that some strong students with exams passed will fail to find jobs—an unfortunate first.

For good news, there’s the new instructor I mentioned before and the addition of some new actuarial scholarships (see **new** on this page). Some advanced actuarial classes will still be too large (possibly 50 students, say), and we still lack the funds to award significant scholarships to all strong students that pass exams—but we’ll be better off in both regards next year than this.

And I keep my fingers crossed that the economy will improve soon.

Jim Daniel, Director

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Teaching staff to expand

Dr. Changki Kim will join the actuarial program in August 2003 as an Instructor in the Mathematics Department, sharing the teaching of the classes on Joint Exams 3 and 4 with Jim Daniel. This should ameliorate the class-size problems caused by recent rapid growth in enrollment.

Dr. Leslie Vaaler will continue teaching the interest theory classes, so the program will have two and two-thirds full-time-equivalent instructors.

With an M.S. in actuarial science from the University of Iowa, credit for the first four Joint Exams, several years of experience in life insurance in Korea (Samsung Life, Young Poong Manulife, and the CIGNA Branch of LINA-Korea Life), and experience as a Teaching Assistant in Mathematics, Dr. Kim will be a real asset to our teaching program.

He performs research at the interface of modern financial mathematics and actuarial science, with interests in asset/liabil-

ity management, risk management, and the hedging of risks with derivatives. UT-Austin’s world-famous financial mathematics group values the practical and applied perspective that he will bring to the group.

Students for which Kim was a Teaching Assistant praised his teaching and communication. He has also served as Leader of the graduate student group for the Korean United Methodist Church in Iowa City.

Like all Instructorships, his cannot extend beyond three years, at which time we certainly hope to replace him with another actuarial Instructor.

Explosive growth

continues, but new scholarships

Enrollment growth in the actuarial program reported in the previous issue of *Risky Business* has continued, maintaining the pressure on class sizes and financial aid.

Combined initial enrollments in Jim Daniel’s two advanced fall classes on the Joint Exam 3 material (life contingencies, loss distributions, et cetera) grew over 50% to 146 compared to 2001; the preceding two falls had seen growth of about 60% and 20%. Class sizes of 75 to 80 are unappealing in such advanced classes.

Spring enrollments in Daniel’s two classes, however, increased only slightly from 2002 to a total of 68. This might indicate that much of the fall growth was in people exploring the actuarial field and deciding it was not for them; certainly a smaller percentage than usual of students performed well in the fall classes.

UT-Austin’s pass rate on actuarial exams has remained at about 50% for the past few sittings. The number of students sitting for exams in fall 2002 was almost exactly the same as in 2001, despite the enrollment

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new scholarships ease aid pressure

Donors over the past year have created several new scholarships, easing somewhat the pressure on financial aid created by exploding enrollments in the actuarial program.

These new gifts have produced about a 60% increase in scholarship funds over two years, compared with about a 70% increase in the number of students qualifying for scholarships under current procedures and a nearly 100% increase in enrollment over the same two years.

Two of the new scholarships are endowed, making them funded in perpetuity. The James Morris Dial Scholarship was established by Austin actuary Phil Dial and his wife Christine to honor Phil’s father. The John S. Rudd, Jr., Scholarship was established by Sally Rudd in memory of her late husband Jack, the co-founder of the Rudd & Wisdom actuarial consulting firm in Austin. When fully funded, each of these should provide about \$2000 in scholarship

See Scholarships on page 3

News on the employment/recruiting front

Searchable database of résumés debuts

January saw the debut of our searchable database of student résumés accessible on the web, starting at www.utactuary.info/resumes.html.

At that location is a summary of the available résumés, listing: name; type of position sought (entry-level actuarial, actuarial summer internship, or entry-level non-actuarial); date of availability; work-permission status (Permanent, or Temporary = eligible to work while seeking Permanent status); list of exams passed; overall GPA; math GPA; and whether the student has had an actuarial internship.

Employers can search the summary database on any of these categories, obtaining a summary for only the selected students. Individual résumés can be downloaded in pdf format by clicking on the student names, and a single pdf file of all the selected résumés can be downloaded by clicking the "Download nn resumes" button.

Increased enrollments have produced more strong students than slots in the interview schedules of some employers. We hope that this database will make it easier for such employers to identify the students they wish to invite to interview.

Comments and suggestions on how to improve the electronic-résumé system would be appreciated

Internship fair joins job fair

The College of Natural Sciences has added an Internship Fair in February to its successful EXPO Job Fair in September where actuarial and other employers can make contact with hundreds of bright and interested students.

The inaugural Natural Sciences Internship/Co-op Fair was held in early February in the Texas Union Ballroom with enthusiastic student participation.

Few actuarial employers participated in this new event, however, while many participated in our second EXPO Job Fair that was held in September.

During EXPO, College staff screened students entering the special actuarial area to avoid the slight problem some noticed in 2001 when many computer science students entered the area and took up the time of the actuarial representatives. On the other hand, some actuarial employers chose to remain outside that special area in order to access other students as well.

For information on next year's EXPO or Internship Fair and how to sign up, contact Ms. Laura Mondino (512/475-6141, mondino@mail.utexas.edu) in the Natural Sciences College Career Services office. This office also offers recruiting and interviewing services for employers seeking job candidates for positions that are not necessarily actuarial.

Job market tight for new graduates

As one would expect from the economy, the job market for actuarial students has cooled—more than some expected, but possibly less than many feared.

After three years with more jobs than qualified students and with most students that hadn't passed exams getting jobs, the job market returned to near its long-term normalcy last spring (2002). Two students that had passed an exam did not find jobs, a first in fourteen years. Five of eleven without exams did find jobs, however.

The current year seems much tighter, with slightly fewer companies interviewing in the fall and with interviewers setting more stringent criteria for getting an interview—partly to deal with increased numbers of interested students. Despite this, nine December graduates found jobs; one international student with exams (plus the two holdovers from spring) were not so fortunate, however.

As of this writing, it's hard to predict how the May/August graduates will fare, but the unusually small number of companies interviewing concerns the students—especially those who passed their first exam in November after fall interviews were completed. The résumés of about a dozen still-searching May/August graduates that have passed exams can be found at www.utactuary.info/resumes.html.



Fall grad-student dinner

Growth continues

growth, again possibly indicating some of this year's growth was in less serious students. With as many people passing exams this year as last, the pressure on our resources for financial aid remain strong; see **Scholarships** on this page.

Scholarships restructured

As a result of faster growth in the numbers of excellent students than in the funds for merit-based financial aid, we are restructuring the scholarships effective next year to avoiding spreading our resources too thinly.

For several year ending in 2001-2002, we had adequate scholarship funds to award significant merit-based scholarships to all students that passed exams, with an award of about \$2,500 per academic year for passing the first exam, for example. For 2002-2003 the awards were cut about in half in order to continue making awards to all that passed exams.

Rather than cut the awards still farther in order to spread the money among the

increased total number of people that have passed an exam, starting in 2003-2004 the strongest students by a combination of criteria will receive the previous larger awards envisioned by most donors, while some strong students with one exam passed will probably not receive actuarial financial aid.

The creation of additional scholarships remains a major need.

**Ashley Smith
Richardson, TX**

Graduating May 2005 in Business & Math. Passed Exam 1, off to France instead of taking a May exam. Active in the Longhorn Band.

New SoA and CAS Associates

Starting with the 1994 issue, *Risky Business* has attempted to recognize 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 the new Associates in the SoA or the CAS. Any omissions are regretted, and corrections appreciated.

ASA:

Bruce Fuller, AIG American General
Omar Haq, Towers Perrin
Marissa Moje, Mercer HR Consulting
Jim Vallee, Ernst & Young

ACAS:

Sue Buehler, USAA Insurance

Congratulations!

Exam restructuring moving forward; Daniel participating

Deliberations continue on restructuring the actuarial exam systems in 2005. Jim Daniel serves on a joint committee formulating recommendations on the lower-level exam structure.

While the draft recommendations are still evolving, some aspects have received at least some support from the SoA Board: Associateship should come at about half way through the exams; there should be just one route to Associateship; knowledge of some prerequisite material need not be verified in any way (calculus, linear algebra, and accounting, for example); knowledge of some material may be verified by approved coursework of some sort (basic economics, corporate finance, statistics, and applied statistics, for example); knowledge of some material must be verified by exam (probability, interest theory, actuarial contingencies, and actuarial modeling, for example).

However the SoA and CAS systems change, the UT-Austin actuarial program intends to adapt its curriculum so that its graduates remain attractive to all actuarial employees.

On the Web—

Enter the Website: utactuary.info
Student résumés: utactuary.info/resumes.html
M.A. program: utactuary.info/MA.html
Risky Business: utactuary.info/riskybusiness.html

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
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Scholarships continues

funds each year.

Three other new scholarships are being funded through annual gifts from employers. The Hewitt Associates Scholarship this year will provide \$2000. The Towers Perrin Scholarships will provide \$5000 total, an increase from last year's \$2500. And the State Farm Insurance Companies have provided \$8000 in scholarship funds for the coming year.

Finally, two new scholarship funds have been created by recent alums and by the Actuarial Student Club of current students. The UT Actuarial Alumni Association (UTAAA) of recent alums raised \$1200 toward a scholarship for next year and a small amount more toward establishing a permanently-endowed UTAA scholarship. The Actuarial Student Club contributed \$1000 in scholarship funds for the current spring semester from its revenues from the exam-prep seminar it organized in the fall for Joint Exam 1 (see **Course/Exam** on page 4) and intends to continue contributing most of its net proceeds from each semester's seminar.

Kristen Tanaka Honolulu, HI

Actuarial M.A. student graduating
May 2004. Passed Exams 1 & 2,
taking Exam 3 in May. Plays flute.

Will Arthur

The Woodlands, TX

Graduating May 2004 in Math. Taking
Exam 2 in May. Enjoys intramural
sports, reading, music.

Ada (Jingyuan) Yin

Sichuan Province, China

Graduating December 2003 in Math.
Passed Exam 1, taking Exam 3 in May.

Ben Hagan

Dallas, TX

Graduating December 2003 in Math.
Passed Exams 1 & 2, taking Exam 3 in
May. Enjoys sports.

Alumni volunteers sought for interviews

The UT Actuarial Alumni Association (UTAAA) cancelled its Mock Interviews last fall because of the lack of alumni volunteers. This was an unfortunate result as there was such a large number of students interested in the event who had already signed up to participate.

The UTAAA is planning to continue the annual Mock Interviews in mid-September, and is encouraging alumni to volunteer their time for this program. This Mock Interview event is two hours long and held on a Saturday on the UT campus. Alumni assist actuarial students in their interviewing skills by providing one-on-one interviews with a follow-up evaluation. In addition, the volunteers discuss various topics related to the actuarial job search process including resumes, career opportunities, employer recruiting functions, work experience, and exam progress.

Not only do the Mock Interviews provide a great learning experience for students, they are also a terrific opportunity for alumni from the actuarial program to meet and reunite. In addition, the event can be used to give recent alumni a chance to practice their interviewing skills from an employer perspective.

Alumni interested in volunteering at the Mock Interviews, joining the UTAAA (there is no fee), or updating information in the UTAAA directory should contact the UTAAA Chairperson: Lillian Cho, Milliman USA, 9400 N. Central Expressway, Suite 1000, Dallas, TX 75231 (214/863-5500; lillian.cho@milliman.com).



Focus on students

Financial-aid Honor Roll

Outstanding students receiving merit-based financial aid from the actuarial program during academic year summer 2002 through spring 2003 included:

AEAGON-USA Actuarial Mathematics Scholarships: Michael Moser, Jason Simon, Ashley Smith; James Morris Dial Scholarships in Actuarial Studies: Carl Gillette, Meera Kothari, Carol Schultz, Paul Tindall; William W. Hand Memorial Actuarial Scholarship (American Society of Pension Actuaries): Sean Fulton, Zachary Ho, Kevin Kline; Hewitt Associates Actuarial Scholarship, Samer Abi Ghanem, Richard Auclair, Eric Chiu; Jordan Scholarships funded by the

Actuaries Club of the Southwest: Rahil Budhwani, Jasmin Shum, Chun Yau; Jordan Scholarships funded by the Southwest Actuarial Forum: Rahil Budhwani, Chun Yau; Jordan Scholarships funded by the Actuarial Student Club: Samer Abi Ghanem, Chris Veregge, Chun Yau, Ada Yin; Mercer HR Consulting Actuarial Scholarships: Ho Leung Au-Yeung, Courtney Bach, Ana Neira, Patrick McCabe, Kristen Tanaka; Milliman USA Standard of Excellence Actuarial Scholarship: Mark Filarowicz; C. Mitchell Actuarial Scholarship: Jasmin Shum; Rudd and Wisdom Actuarial Studies Scholarship: Javier Aranda, Alexis Morin, Tatcha Throngkumpola, Chris Veregge; D. W. Simpson & Co. Scholarship: Eric Chiu; Towers Perrin Actuarial Scholarships: Ho Leung Au-Yeung; USAA Actuarial Scholarships: Courtney Bach, Jason Simon; Watson Wyatt Worldwide Actuarial Scholarships: Samer Abi Ghanem, Ben Hagan, Jeannie Thoo; Eugene Wisdom Memorial Scholarship in Actuarial Studies: Ho Leung Au-Yeung; Jason Simon; Actuarial Studies Excellence Awards (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): Samer Abi Ghanem (Fall, Spring), Gil Baumgarten (Summer, Fall, Spring), Mei Jia (Spring), Kevin Kline (Fall), Jasmin Shum (Fall), Jason Simon (Fall), Paul Tindall (Spring); Texas Department of Insurance Internship (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): George Chimonides (Spring), Jenny Chow (Spring), Jonathan Ferguson (Spring), Carl Gillette (Spring), Alexis Michie (Summer), William Prather (Fall), Jasmin Shum (Summer), Ashley Smith (Fall), Chris Veregge (Spring), Ada Yin (Spring).

Congratulations to you all!

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

Club grows, starts seminar

President: Greg Kantor
Vice President: Darrin Hinman
Treasurer: Ashley Smith

The Actuarial Student Club membership has increased along with the Actuarial program itself and the vacancies left by graduating members have been filled by new faces.

This academic year has seen a lot of activity by the Actuarial Club members. The bi-weekly pizza rendezvous after the club meetings have continued to draw a hungry crowd. Also, the club branched out from last year to form an Intramural football team in addition to its "somewhat successful" basketball team of last year. The football team, started by club vice-president Darrin Hinman, had a record of 1 and 3, but an unconquered spirit. Most recently the club had its first Intramural basketball game, which, much to our dismay was lost to a nasty bunch. But the season remains hopeful.

Since last year's t-shirt experiment was such a success, the club decided to make new t-shirts this year to continue the tradition. The 2002-2003 t-shirt will be different from the 2001-2002 t-shirt in that we want it to be appropriate to wear on "T-Shirt Fridays" at our respective Actuarial Jobs or Summer Internships. Last year's slogan "Actuaries do it with models" was deemed a bit too risqué for the workplace. Slogans for this year are still being voted upon. Some of the candidates include "Six exams to go," "We know *when* you're going to die," and variations of the "Actuaries do it with {blank}."

As the Spring semester continues, we look forward to more visits from employers as well as many more trips to Double Dave's for pizza. We hope to continue our level of activity and perhaps win a basketball game or two.

Greg Kantor, President

Course/Exam 1 seminars provide scholarship funds

An excellent exam-prep review seminar for Joint Exam 1 on probability and calculus is now offered each fall and spring on the UT-Austin campus. The UT Actuarial Student Club, which sponsors the seminar, contributes most of the net proceeds to UT's actuarial scholarship fund.

Dr. Ana Neira teaches the seminar. She passed the first four actuarial exams while completing her Ph.D. in pure mathematics at UT-Austin in December and is now employed by Mercer HR Consulting in San Francisco.

She presented her first such seminar in fall 2002 and received rave reviews from the 30 participants. Registration is limited to 40, and UT-Austin students receive priority until about a month before the seminar when registration is opened to everyone.

Detailed information is available on the web at utactuary.info/seminar.html.



Spring graduation party

Harley Bailey **Charlotte, NC**

Actuarial M.A. student departing May 2003 to take job at Jefferson-Pilot Life in Greensboro, NC. Passed Exams 1 & 2, taking Exam 3 in May. Enjoys sports, playing the banjo.