

THE FOURTEENTH INTERNATIONAL CONGRESS OF ACTUARIES

THE Fourteenth International Congress, the first to take place in Spain, was held in Madrid at the invitation of the Institute of Spanish Actuaries from 2 to 9 June 1954. The Congress was honoured by the patronage of the Chief of State, Generalissimo Franco, who accepted the Honorary Presidency.

In accordance with the rules of the Permanent Committee for International Actuarial Congresses, the business and social arrangements of the Congress were in the hands of an Organizing Committee of Spanish Actuaries, under the chairmanship of Sr D. A. Lasheras-Sanz.

About 950 actuaries from 34 nations attended, the membership far exceeding that of any previous Congress. Over 500 ladies accompanied the members and took part in the social events which formed an integral part of the proceedings. The members and their ladies were accommodated in 26 hotels in the city. The Institute and Faculty were represented by 168 members from Great Britain, and by many members of both bodies from overseas.

The business meetings, except for the Opening and Closing Sessions, were held in the Conference Room of the National Institute for Social Insurance, situated near the city centre. In the same building the Organizing Committee established an office, where a courteous and helpful staff dealt with the many enquiries made by members during the Congress.

The subjects chosen for discussion at the Congress are set out below, together with the explanatory notes issued by the Organizing Committee.

(1) Conditions that must subsist for a risk to be assurable

There exist various points of uncertainty in the assessment of a diversity of facts, whether it be in the assessment itself, in the frequency with which the assessment takes place or by reason of circumstances peculiar to the facts. On the other hand, some such facts offer a diversity or complexity of the causes which instigate them, in the consequences they produce, or in both causes and consequences.

This leads to doubts as to whether some risks are assurable or not, causing confusion between the idea of compensation in its real sense and that of a possibility of insurance. It is advisable, therefore, to reflect and compare opinions in order to determine the conditions which must prevail for such risks to be assurable.

(2) Actuarial problems appertaining to reinsurance and specially to life reinsurance

We know that the characteristic of reinsurance is that of a subsidiary institution of direct insurance and that all the formulas and methods of reinsurance can be classified in two large groups: (a) those based on the cession of excess of risk, and (b) those based on the cession of excess of loss.

In both groups the problem of what limits to accept presents itself. This depends on several circumstances, such as the number of policies and their homogeneous grouping, which form the direct insurer's portfolio. In consequence, the limits of the Insuring Company, strictly speaking, should vary each year, in accordance with the financial capacity disclosed by the Direct Insurer. However, the Reinsurer tries to maintain a portfolio as stable as possible.

On the other hand, there is no doubt that, on certain occasions, the Cedent asks for and obtains from his Reinsurers certain financial support that is in reality no more

than the specific demonstration of a credit applied to the Insurance Industry. This form of credit constitutes a special branch with its peculiarities in the same way as credit is given for industrial, agricultural, mortgage and marine purposes, etc., all these branches having to be adapted to the special circumstances offered by the financial institutions to which they apply. The result is that Reinsurance presents itself to us as a means of practising the specific credit of the Insurance Industry.

But the main problem the Direct Insurer has to face is the deviation between the actual and estimated losses, as much to their number as to their financial importance.

What would be the best method of co-ordinating what has been propounded, so that Reinsurance may fulfil to the utmost its fundamental role as an auxiliary, and protector of the Insurance Industry.

(3) *Means of securing the financial stability of insurance institutions*

In Insurance generally, and especially the branch devoted to Life Assurance, Assets and Liabilities reach very high figures, and a great disparity can arise between Income and Expenditure. This is due to general reasons quite apart from actuarial calculations of premiums and reserves which present themselves in the form of a perfectly soluble problem. There can also occur disparities of a technical character that can be avoided by means of Reinsurance.

Actuaries know perfectly well that those causes are of such a nature that they would, in time, bring about the financial disorder which we wish to stress in this theme; possible heavy inherent losses due to fluctuations in expenses, sudden fall in the value of money, extraordinary losses caused by modern warfare etc. Thus it is a question of selecting, in a spirit of long-sighted discernment, which would be the best solutions which could be used in order to face such eventualities.

A consequence of the above is the theoretical tendency to give the capital in the Insurance Societies a commercial character, as well as to define the really justified differences of a technical-financial order, between these Societies and the purely Mutual ones.

A total of 72 papers was submitted for discussion: 20 on Subject (1), 24 on Subject (2) and 28 on Subject (3). Members of the Institute of Actuaries contributed six papers:

Subject (1) *Uninsurable property risks*. By F. S. PERRYMAN.

Insurable hazards. By L. H. LONGLEY-COOK*.

Subject (2) *Actuarial problems appertaining to life reinsurance*. By G. T. FOSTER.

Actuarial problems appertaining to reinsurance and especially to life reinsurance. By J. G. BEATTY*.

Subject (3) *Participation in profits as a means of securing stability in life assurance funds*. By M. E. OGBORN and G. V. BAYLEY.

Surplus funds as a means of securing the financial stability of a life office. By R. S. SKERMAN.

* Papers submitted through the Society of Actuaries.

The precedent, established at the Thirteenth Congress, of inviting the preparation of factual memoirs on a subject outside those selected for discussion was again adopted. On this occasion the theme chosen was 'Actuarial Instruction in different countries'. The Institute and Faculty submitted a joint memorandum with the title *Actuarial Training in Great Britain*.

Arrangements were also made for a small number of private meetings on the final day of the Congress, the subjects discussed including 'Actuarial Instruction' and 'Electronic Computers'.

The official languages of the Congress, in alphabetical order, were English, French, German, Italian, Portuguese and Spanish. For the first time at an International Congress of Actuaries a system of simultaneous translation with microphones and headphones was used, and enabled members of every country to take part in the same meeting without the delays inherent in the translation of each contribution by successive interpreters into the various official languages. This courageous experiment, dependent for its success on the technical efficiency of the apparatus and the skill and stamina of the interpreters, evoked a great deal of interest. The need to interpret as many as six languages, the technical nature of the discussions, and the inexperience of some speakers in the use of the system, undoubtedly placed a severe strain on the interpreters, who laboured heroically and, in the main, successfully to convey to their respective audiences the substance of each speech. High praise must also be given to the technicians who maintained the electrical system in perfect working order throughout the Congress.

The papers submitted for discussion were published before the start of the Congress as Volumes 1 and 2 of the *Transactions*. It had been intended to despatch these to each member for study some weeks beforehand; but unfortunately postal difficulties prevented this and the books were handed to members, on arrival, at the office of the Congress, together with summaries, prepared by leading Spanish actuaries, of the main points in the papers.

Each of the subjects was allotted one day in the programme, during which two business meetings were held, each under the chairmanship of a leading actuary of a visiting country. Reporters were appointed, one from each country, who collaborated in the preparation of summaries of the discussions for presentation at the Closing Meeting on the final day.

Another new feature of the Congress, much appreciated by members, was the publication in French of a daily bulletin of information, giving informal details of the business and social proceedings and other items of general interest.

On the morning of 2 June, a Preparatory Meeting was held to appoint the Officers of the Congress, consisting of a President (Sr Lasheras-Sanz), Vice-Presidents, Secretaries and Reporters. The representatives of the Institute of Actuaries thus appointed were:

Vice-President:	W. F. GARDNER, C.B.E.
Secretary:	H. TETLEY.
Reporter:	J. HAMILTON-JONES.

In the afternoon the Opening Meeting of the Congress took place in the Teatro Madrid with the Minister of Finance (Sr D. F. Gomez de Llano), representing the Chief of State, in the chair, accompanied by the Minister of Public Works (Sr Conde de Vallelano), and the Director-General of Insurance (Sr D. F. Toni Ruiz). After the official opening of the Congress M. A. P. T. J. Théate, President of the Permanent Committee for International Actuarial Congresses, expressed on behalf of all the visiting members their warm appreciation of the preparations that had been made by their Spanish hosts. In particular he welcomed the recognition of the Congress by the Chief of State and by the Spanish Government. Mr W. F. Gardner (President of the Institute of Actuaries), Prof. Dr E. Marchand (President of the Swiss Actuarial Society), and Dr H. Parthier (representing the German actuaries) supported him, and the President of the Congress (Sr Lasheras-Sanz) then

delivered his opening address in which he extended a very cordial welcome to all present and reviewed the arrangements for the work of the Congress.

At the business meetings on the succeeding days, the chair was taken as follows:

- Subject (1), 3 June. Morning: Dr J. ENGELFRIET (Holland).
Afternoon: M. H. AUTERBE (France).
- Subject (2), 5 June. Morning: Dr H. PARTHIER (Germany).
Afternoon: Mr R. C. GUEST (U.S.A.).
- Subject (3), 7 June. Morning: Sr R. OTTAVIANI (Italy).
Afternoon: Mr R. LL. GWILT (Great Britain).

The meetings were fully attended, and nine members of the Institute (Messrs H. E. Raynes, J. B. Mabon, J. G. Beatty, G. T. Foster, F. M. Redington, A. T. Haynes, R. J. Kirton, C. M. O'Brien and J. Plymen) took part in the discussions, which were well sustained.

On the final day of the Congress, 9 June, a meeting was held in the morning at which the summaries of the discussions prepared by the Reporters were accepted for presentation to the Closing Meeting, held in the afternoon at the Teatro Madrid, with the Director-General of Insurance (Sr Toni Ruiz) in the chair. At this meeting, after the reading of the summaries, the congratulations of all the visiting actuaries to their Spanish colleagues on the success of the Congress were expressed by Sr Ottaviani (Italy), Sr Alexandre (Portugal) and M. Théate, together with their grateful thanks for the unstinted hospitality provided by their hosts. There followed a resolution, accepted unanimously by the Congress, proposing the adoption of the International Actuarial Notation set out in *Bulletin* No. 46 of the Permanent Committee, pp. 193-232, and *J.I.A.* 75, 121-9. Finally, M. Théate announced that, as no formal invitation had yet been received for the next Congress, its venue would be determined by the Council of the Permanent Committee in accordance with the Regulations.

A splendid programme of social events was arranged by the Organizing Committee for the entertainment of members of the Congress and their ladies. They included three receptions, at which the hosts were the Organizing Committee, the Mayor of Madrid (Sr Conde de Mayalde), and the Minister of Finance respectively; excursions by motor coach to Toledo, Segovia, Avila and El Escorial, members being free to choose two of these for themselves and their ladies, and one for their ladies alone; a visit to the famous Prado Museum; visits to a bull-fight, and to the theatre for an exhibition of Spanish dancing; and several additional events for the ladies, among them a fashion parade and a motor coach tour of the City of Madrid. The careful thought given to this varied programme, and the excellent organization of the events, were greatly appreciated.

Fears that the climate of Madrid in June would be too warm for comfort proved to be unfounded. Apart from a few showers early in the Congress period, the sunshine and a cooling breeze from the mountains to the north-west of the city provided an ideal combination for appreciation of the beautiful Spanish capital and the surrounding country. Only on the first day was a function affected by rain—the reception in the Retiro Park given by the Organizing Committee—and the alternative arrangements for serving refreshments under cover worked so smoothly that the occasion was in no way marred.

Each visitor to Madrid will have brought away individual memories of the social side of the Congress. For some, the motor-coach tours with their magnificent scenery, glimpses of Spanish life and towns and the grandeur of the medieval architecture, were outstanding; for others the artistic treasures of the Prado, with its unrivalled collection of works by El Greco, Goya, Velasquez and others of the Spanish school, and a fine selection of works by Italian, Flemish, Dutch, German and French painters. But the great contribution made by all these events to the success of the Congress was, as ever, the opportunity provided for the making of new friendships, and the renewal of old, under the happiest of circumstances.

The last official function of the Congress was a Banquet, held in the evening of 9 June at the Escuela de Estomatologia of Madrid University, at which over 2000 sat down in one hall to dinner at the invitation of the Organizing Committee. The Minister of Finance and several other members of the Spanish Government were among the distinguished guests. Speeches of thanks were made in each of the official languages of the Congress (Mr Gardner representing the English-speaking members) and also by M. Théate as President of the Permanent Committee. There followed an address by the Minister of Finance who emphasized the importance of insurance in the economic life of each country, a fact which had led the Spanish Government to welcome and lend its support to the Fourteenth International Congress of Actuaries. The evening ended with a gala ball at the Hotel Castellana Hilton.

The Fourteenth Congress has taken its place as a worthy successor in the line which started in Brussels nearly 60 years ago. Building on the experience of the past and introducing new features which gave the Congress an individuality of its own, our Spanish friends have by their untiring efforts and the warmth of their hospitality rendered distinguished service to the cause of actuarial science and to international understanding. Truly may we echo our hosts' expressive phrase 'Hasta la vista'.

B. R.