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Due to the virtual absence of any published information which would enable him to study or experiment with the risk structure underlying non-life insurance in the United Kingdom, the British actuary has to turn to Continental or North American actuarial journals. While the introduction of the ASTIN Bulletin has helped to provide an international forum for technical papers, the fact remains that there is still a substantial gap between the qualitative and the quantitative aspects. In particular the fact that a particular mathematical or statistical model is appropriate for, say, North America does not necessarily imply that the same model would be applicable elsewhere.

A bridge over the gap is now provided by this volume of 36 pages written by the distinguished Danish actuary, Dr Paul Johansen, and published in English as part of the papers issued by the 'Nye Danske af 1864' to mark their centenary. This should be read by all who consider that non-life insurance is, or should be, based on more than empiricism. In particular actuaries who may be brought into discussions with their non-life colleagues regarding the scope for mathematical and statistical methods in the non-life business when, as at the present time, the results are adverse, will find a very readable outline of the principles and the many different directions in which development is currently proceeding.

The author has wisely resisted any temptation to deal with mathematical foundations—those whose interests are stimulated by the book will wish to seek out the original papers by the many authors referred to by name—and in so doing has greatly increased the value of his contribution by making it readily comprehensible to those who react adversely to strange formulae.

R. E. Beard


There is in this country a great dearth of literature designed to explain the complexities of occupational pension schemes to laymen. The book under review—a sequel to Pension Schemes (1960) by the same authors—is a gallant attempt to meet this need and is to be welcomed on this account. Preferably, such books should be written by actuaries, since a grasp of the technicalities of the subject is obviously necessary. Essentially such books must be written by persons without any special cause to plead, since the purpose should be instruction and not persuasion.

Now it may be doubted whether the welfare of the aged can best be secured by the competitive efforts of those with financial or political interests at stake. Representatives of either group will necessarily act in ways which, consciously or unconsciously, are felt to advance the interests of their group. These interests will undoubtedly be a spur to such action and much will be done. The question at issue is whether the right things will be done, whether, in other words, the welfare of old people—which, after all, is the most pressing social problem in this country today—will be best advanced.

Perhaps it was with the danger of partiality in mind that the authors of New Trends in Pensions decided to submit themselves to the discipline of an investigation among 763 industrial companies chosen at random to determine their pension arrangements and the changes they had made in them over the last five years. Unfortunately, only 180 companies responded and some of the replies suggested a very incomplete understanding of the
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questionnaire sent to them. Consequently, Section 1 of the book which analyses the results of the investigation has not the solid foundation that the authors would have wished. Indeed, the results of the survey are in many respects so exiguous that the authors seem to have been led to give artistic verisimilitude to an otherwise somewhat unconvincing narrative. Thus, to state: 'It seems clear that while non-contributory schemes have been steadily gaining adherents, their growth has not been quite as rapid as expected' largely on the evidence of 19 schemes set up in 1958 and after seems a rather tenuous judgment. Similarly, faced with the disappointing fact that only 29% of companies in the sample give cash benefits at retirement, the authors devote the major part of the chapter on this subject to a glowing panegyric of such benefits.

Elsewhere, the authors find it difficult to be dispassionate. Chapter 8 of Section 1 deals with contracting out and reveals the fact that a much smaller percentage of self-administered funds included in the sample have contracted out than is the case with insured schemes. The two reasons given for this (which are speculations on the part of the authors and are not the result of inquiry amongst the funds themselves) both reflect unfavourably on self-administered funds and they seem unlikely to be accurate.

Section 2 of the book deals with technical developments and is notably more successful than Section 1 in imparting information rather than opinion. Indeed, the authors are seen at their best when they write a few crisp paragraphs on a complex subject—with-profit schemes, for example—not enough, of course, for an employer to have all the relevant facts, but sufficient to enable him to talk intelligently with his advisers. Indeed, the main purpose of this part of the book would seem to be that of enabling this dialogue to take place.

In the chapter on 'Methods of Costing', the authors deal with controlled funding methods but they avoid the awkward question as to who is competent to give advice to the employer on rates of funding under an insured scheme. There is a long chapter on state pension schemes, including the graduated scheme, and it should be noted that the problem which the authors describe on page 125 when a new contracted-out scheme replaces an existing one would appear to have been met by the National Insurance (Non-Participation—Assurance of Equivalent Pension Benefits) Amendment (No. 2) Regulations 1963.

Section 3 ('The Human Element') is the most satisfactory section of the book, being completely free of the partiality that occasionally mars Section 1. It is particularly useful to have a permanent reminder of the News Chronicle story where, in the absence of a pension fund, vague benevolence was found to be quite inadequate to protect the pension expectations of 2,800 employees. The chapter on 'Redundancy Compensation and Vested Rights' is thorough and responsible, and the following chapter on 'Retirement Welfare and Retraining Schemes' puts the subject of pension provision within the wider context of old people's welfare generally.

In Section 4 the horizon is widened to take in short summaries of pension schemes overseas. As with Section 2, the treatment is brief and the employer is advised, as elsewhere in the book, to seek the help of specialist consultants. The authors show a proper sense of responsibility in warning the employer that in this field there are very few such specialists who are competent.

R. W. ABBOTT