This textbook was commissioned by the Faculty and Institute and is intended to serve as the primary reading for subject (2) of the Institute Fellowship examinations and, supplemented by other papers, to serve as a solid foundation for the more advanced level of subject (3) of the Institute and for Part IV A of the Faculty examinations. In this respect the book takes the place of *The Practice of Life Assurance* by Coe and Ogborn, published in 1952, which has served the actuarial profession faithfully over the past 13 years, but which, through the changing face of the actuary's work, now requires some revision.

In former years the student's reading consisted mainly of Institute and Faculty papers and discussions, later supplemented by the productions of the Students' Societies. It was an achievement of the greatest value therefore to have brought together for the first time in Coe and Ogborn's book, in condensed form as it was, the whole field of life office actuarial practice. Fisher and Young generously acknowledge their indebtedness to Coe and Ogborn and to earlier writers and to the large number of subsequent thinkers whose wisdom is crystallized in their new textbook for the service of the profession.

The book is divided into five parts. Part I which covers five chapters takes us fairly rapidly in three chapters over the history and development of life assurance in the United Kingdom, the presentation being generally designed to demonstrate the progress of actuarial thought in the succession of problems that arose through changes in the nature of life assurance contracts, through statistical discovery relating to the mortality variable, through changes relating to the treatment of interest and expenses, through new ideas on the valuation of policies or the distribution of surplus and the statutory requirements which governed the conduct of life assurance, through the development of ideas on the assets and their treatment and through the methods of keeping life office records. What goes before leads the
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authors in Chapter 4 to state the two major problems (the maintenance of financial soundness and equity) facing the actuarial management of British life offices today, to outline the current range of contracts available, and to follow this with brief statements of the company legislation within which the business operates and the taxation system to which it is liable. It is felt that the authors would be the first to regret that their simplified explanation of the taxation system will soon be out of date as a result of the passing of the Finance Act 1965. They do well to express the view in the Preface to their book that "until practical experience of its working is obtained, it is not possible to assess the full effects". Chapter 5 deals succinctly with the development of industrial assurance business and the nature and method of control today.

Part II deals with the mortality experience and underwriting in two chapters and then goes on to deal in three further chapters with the financial background or aspects of life offices, life office premiums and actuarial investigations. The chapter on mortality is an accurate expression of the many factors which affect a mortality experience and of the considerations which must influence an actuary in selecting the table that is likely best to suit a particular purpose. The chapter ends with a demonstration of the equation of equilibrium connecting successive policy values, useful to the student when he studies the following chapter on underwriting and the treatment of extra risks, but the keen student of underwriting problems will wish to supplement his reading here by reference to some of the recent literature on this subject. Chapters 8, 9 and 10, which deal with the impact of financial considerations, cover ground to which very much thought has been given in the last 13 years. Much of this new thought sprang from the paper by Haynes and Kirton (T.F.A. vol. 21, p. 141) and the paper by Redington (J.I.A. vol. 78, p. 286) and their later developments. The high rates of interest earned on fixed interest securities and the growth of equity portfolios with low yields and substantial capital appreciation raised new problems for actuaries concerned with the maintenance of equity between different generations of policyholders. What is written in these chapters on the financial background and aspects will certainly stimulate the student to further study of the problems involved, since equity is a very elusive variable.

Part III deals with office premiums in two chapters and valuation methods, analysis of surplus and methods of bonus distribution in three chapters before completing the study of ordinary life assurance with a chapter on surrender and paid-up policy values. The chapters on office premiums follow the usual lines, and the chapter on valuation
methods largely follows the corresponding chapter of Coe and Ogborn. The chapter on surplus analysis marks a distinctive advance, however, and the examples worked out in detail both for a net premium and a bonus reserve valuation should give students more insight into the techniques of surplus analysis. The chapter on methods of surplus distribution covers the usual ground but expands into the new considerations arising from recent equity investment.

Part IV covers the subject of industrial assurance in three chapters dealing with organization, valuation and paid-up and surrender values, and many of its problems seem to be shared with ordinary business even to the application of equity appreciation to bonuses. The full exposition should be very valuable to the many students who do not have practical experience of this business.

Part V deals with group pension schemes and annuities and gives a more extensive treatment in two chapters, which deal firstly with the structure of schemes and their funding methods with notes on profit-sharing funds and secondly with premium calculations, valuation, surplus and surrender values. These chapters will provide a useful introduction to other papers.

The early chapters are suitable for all students of life assurance, but the later chapters require the actuarial mind for their full appreciation. This book is a worthy successor to Coe and Ogborn, and the profession will live to value the wisdom embodied in its pages and the efforts which the authors have made to provide a thorough presentation for the use of Fellowship students and actuaries.

J. S. H.