

# RISKY BUSINESS

—News and notes on the Actuarial Studies Program—

Department of Mathematics

Spring 2004

The University of Texas at Austin

## From the Director



*15 years and holding—*

I find it hard to believe that it was 15 years ago this spring that the actuarial program returned to its birthplace in the Mathematics Department and I agreed to become its Director. A lot has changed in that time.

In 1989-90: four actuarial classes were offered each year; there was one person teaching actuarial classes; Actuarial Studies was available as a concentration but not as a degree; fewer than 50 students were in the program; there were no scholarships specifically for actuarial students; and employers viewed us as a source only of SoA-oriented students.

In 2004-05: 12 actuarial classes will be offered each year (six different courses); five different people teach actuarial classes; Actuarial Studies is available not only as a concentration but also as an undergraduate major or a master's degree major; close to 200 students are in the program, including nearly one-fourth of all Mathematics majors; 17 actuarial scholarship funds provide for support for around three dozen students, not counting the actuarial program's loan program or the internship/scholarships at the Texas Department of Insurance; and

*See Director on page 3*

### Look on pages 2-4 for:

**Alumni news: 2**

**Exams & classes: 3**

**Student news: 4**

**Student snapshots: 2, 3, 4**

## Excellence fund endowed by alum

Allen Jacobson, UT-Austin BBA 1990 and MBA 2002, has established the Allen F. Jacobson, Jr., Fund for Excellence in Actuarial Science with an initial endowment of \$25,000. The annual income will be used at the discretion of the actuarial program Director in support of the actuarial program.

In making the gift, Allen wrote that the "...University and the Actuarial Science Program have been very good to me. ... I wish to take this opportunity to thank the program and University for the opportunities I have been given." He hopes to add to the fund over the years.

With annual contributions to the program decreasing over the recent past, the income from this fund will provide a real boost to program financing.

Allen joined Hewitt Associates upon graduation in 1990, working in the Dallas and Houston offices until 2000; he became an FSA, MAAA, and EA in 1995, and is currently a CFA

*See Excellence on page 2*



*Allen and his family*

## Alumni scholarship needs your support

A small group of dedicated alumni has organized the UT Austin—Actuarial Alumni Scholarship fund drive. Your contributions are needed.

Entering its third year, this annual fund drive operates each fall. Last year, two scholarships totaling \$1,200 were awarded. This year, three scholarships totaling \$1,800 will be given.

The organizers hope to continue awarding scholarships annually and by 2008 have the scholarship permanently funded through an endowment of at least \$25,000. Raising \$6,000 each year would accomplish this, but so far the funds raised have fallen short of this

*See Scholarship on page 2*

## Presenters sought for new seminar

Actuaries are needed as volunteers to make presentations in the new spring Seminar on Actuarial Practice that will be offered starting in 2005.

As envisioned by the Actuarial Studies Advisory Council that suggested it, the seminar will bring real-world actuaries to campus to inform students about current issues in actuarial practice. The seminar will meet about four times each spring for one or two hours on Monday starting at 5 pm.

Students in the seminar will have already learned about interest theory, survival models, and frequency and severity models; most will probably be

*See Presenters on page 2*

## Alum group holds mock interviews

The UT Actuarial Alumni Association (UTAAA) had a successful Mock Interview event last fall in Austin for the UT-Austin actuarial students. In 2002, the event was cancelled because of the lack of alumni volunteers, but this year we had a great turnout from both alumni and students.

Having a diverse group of alumni representing different lines of business adds value to the discussion by providing various perspectives. Many thanks to the volunteers who came to Austin in September:

Brooke Anderson, Mercer; Tamara Burden, Optimum Re; Amber Cervantes, Mercer; Lillian Cho, Milliman USA; Chris Groendyke, USAA; Greg Kantor, Watson Wyatt; Emily Knaub, Watson Wyatt; Kristin Pylant, Mercer; Alexis Morin, Optimum Re; Jasmin Shum, Mercer; Amanda Zukowski, ECI Companies, Inc.

The UTAAA will host the Mock Interviews again in mid-September. If you have suggestions on how to improve the current Mock Interview program, or have ideas for other events that may benefit the students of the Actuarial Program, the UTAAA welcomes your input.

In addition, alumni wishing to join the UTAAA (there is no fee), or update information in the UTAAA directory should contact the UTAAA Chairperson:

Lillian Cho

Milliman USA, Inc.

9400 N. Central Expressway, Suite 1000

Dallas, TX 75231

214-863-5500

[lillian.cho@milliman.com](mailto:lillian.cho@milliman.com)

## New 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 will be appreciated.

ASA:

Anne Miller, Hewitt Associates

Kevin Rump, Towers Perrin

Manet Schuman, Mellon HRIS

Asa Waterman, Watson Wyatt

ACAS:

Susan Van Horn, USAA

**Carl Gillete**

Houston, TX

Actuarial Math and Finance  
major graduating May 2005.

Passed Exams 1 & 2.

## Scholarship continues

goal. Please help reach the goal next fall and the following falls by contributing when asked.

This scholarship program allows alumni to repay a program that has given so many of us tremendous professional success. If you have any questions, contact any of the drive's organizers: Valerie Lopez (co-ordinator, [valerie.lopez@watsonwyatt.com](mailto:valerie.lopez@watsonwyatt.com)), Lilian Cho, Jim Davis, Theresa Lee, Karen Nowiejski, Kale Sears, or Kevin Zagortz.

**Emma Fong**

Austin, TX

Actuarial Math M.A. student  
graduating May 2005. Passed  
Exams 1 & 2.

## Alums— keeping in touch

The Texas Exes—UT's alumni association—has added a substantial suite of online services for alumni by launching its Texas Exes Alumni Directory. The Directory contains an alumni directory, alumni notes, e-mail preference center, lifetime e-mail forwarding, and other features.

Participants can choose how much or how little to make public in the directory and can select from a wide range of topics on which to receive e-mail. Topics include athletics, Performing Arts center events, *et cetera*. The URL is <http://services.texasexes.org>.

**Carol Schultz**

San Antonio, TX

Actuarial Math major graduating  
December 2004. Passed Exam 1.

## Presenters continues

enrolled that same semester in the first course on life contingencies in which they will learn about life-insurance benefits and annuities (but not premiums, reserves, *et cetera*).

Since this is intended to be offered every spring and we'd like not to impose on the same four volunteers each spring, we need a good-sized pool of possible presenters. If you are interested, contact Jim Daniel ([daniel@math.utexas.edu](mailto:daniel@math.utexas.edu) or 512/471-7168).

Advisory Council members suggested (and in some cases offered to present) such topics as consulting skills, actuarial ethics, mergers and acquisitions, a panel on various practice areas, the state of Social Security, and the controversy about cash-balance plans versus defined-benefit plans.

Please send your suggested topics, and please volunteer.

## Excellence continues

Level III candidate. Upon receiving his MBA with a concentration in finance, he joined Vinings Mellon in Atlanta. He recently joined Watson Wyatt Worldwide in Atlanta.

On the Web (you might need www first).

Enter the Website: [utactuary.info](http://utactuary.info)

Student résumés: [utactuary.info/resumes.html](http://utactuary.info/resumes.html)

M.A. program: [utactuary.info/MA.html](http://utactuary.info/MA.html)

Risky Business: [utactuary.info/riskybusiness.html](http://utactuary.info/riskybusiness.html)

# New exams mean new classes

## **Exam systems changing in 2005**

As most of you know, the actuarial exam systems are scheduled for significant changes starting in May 2005. The details of the CAS-exam changes are not yet known, but the latest information on the SoA changes can be found under Exam Redesign at [www.soa.org/eande/](http://www.soa.org/eande/).

In the new SoA system, calculus, linear algebra, introductory accounting, business law, and mathematical statistics will be viewed as prerequisites for the later material and not be explicitly tested. Economics, corporate finance, and computer-oriented data analysis for time series & regression will be validated by an educational experience (VEE) such as a distance-learning class, an on-campus class, or a standardized non-actuarial exam (CLEP or AP, for instance).

The four preliminary actuarial exams will be Exam P on probability, Exam MF on mathematical finance (interest theory), Exam M on actuarial models (primarily life contingencies and severity & frequency models), and Exam C on constructing models (primarily parametric and non-parametric estimation, and credibility).

ASA education continues with the Fundamentals of Actuarial Practice, taught in eight modules over the internet, and the Associateship Professionalism Course.

Fellowship requirements include two practice-specific exams, several e-learning modules, a capstone module or seminar, and the Fellowship Admissions Course.

Jim Daniel served on the joint SoA-CAS committee that drafted syllabi for preliminary exams and the VEE system; he will be serving on the joint committee writing the formal syllabus for Exam M.

## **Revised classes start next fall**

UT-Austin's actuarial classes are being restructured starting in fall 2004 to adapt to the exam-system changes coming in May 2005.

The interest-theory class will change little, covering Exam MF on mathematical finance. The three classes now covering the content of Course/Exam 3 will be modified moderately so as to cover Exam M on models; each will be a three-credit class, and they must be taken in sequence.

One of the classes now covering part of the content of Joint Exam 4 will be expanded to four credits and will cover all of Exam C on constructing models. The current class covering regression and time series as tested on Joint Exam 4 will no longer be offered; instead, UT statisticians will begin offering a new course on computer-oriented data analysis for time series and regression that is intended to meet the VEE requirement in that area. It is possible that this new course might eventually be available by distance learning.

Another new course will be the Seminar on Actuarial Practice (*see Presenters sought* on page 1), unrelated to the exam system.

### **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  
512/343-8788: home FAX  
[daniel@math.utexas.edu](mailto:daniel@math.utexas.edu)

### **Director continues**

CAS-oriented employers have joined the SoA-oriented ones in recruiting our students.

What has *not* changed is the enthusiastic support of alums and employers, without whom such progress would have been impossible.

But the program still faces chal-

# *Actuarial Studies Advisory Council*

The Actuarial Studies Advisory Council meets each fall to provide advice on the operation of the program, review reports on the use of gift monies, and brainstorm on future activities.

The fall 2003 meeting focused on improving the competitive position of our graduates in the job market and produced the idea for the new Seminar on Actuarial Practice (*see Presenters sought*).

ASAC members are: Wayne Barnard of AIG American General, Houston; Malcolm Brachman of Northwest Oil, Dallas; Joe Cantu of American National, Galveston; Lillian Cho of Milliman USA, Dallas; Phil Dial of Rudd & Wisdom, Austin; Brian Forman of Pan-American Life, Austin; Linda Konarik of Mercer HR Consulting, Houston; Valerie Lopez of Watson Wyatt Worldwide, Chicago; Karen Nowiejski of Nova Pension Evaluations, Houston; Norman Parrish of Hewitt Associates, The Woodlands; Jeff Passmore of Watson Wyatt Worldwide, Dallas; Vi Phu of Towers Perrin, Houston; Roger Ray of Arlington; Mike Scruggs of Scruggs Consulting, Argyle; Tammy Shelton of Mellon HRIS, Dallas; Catherine Taylor (ASAC Chair) of USAA, San Antonio; Glenn Tobleman of Lewis & Ellis, Richardson; Eric Vaith of USAA, San Antonio; and Greg Young of PricewaterhouseCoopers, Dallas.

### **Allan Mak**

Houston, TX  
Actuarial Math and Finance major  
graduating May 2006. Passed  
Exams 1 & 2.

lenges—adapting to continuing changes in the actuarial exam systems, expanding employment opportunities for our graduates, locating additional scholarship funds, *et cetera*. With a retirement target of August 2010, I've got plenty to keep me busy for the next six years.

*Jim Daniel, Director*





# Focus on students

## Financial-aid Honor Roll

Outstanding students receiving merit-based financial aid from the actuarial program during academic year summer 2003 through spring 2004 included:

AEGON-USA Actuarial Mathematics Scholarships: Ben Hagan, Ashley Smith; James Morris Dial Scholarships in Actuarial Studies: Jason Simon; William W. Hand Memorial Actuarial Scholarship (American Society of Pension Actuaries): Chris Hadik, Siddharth Nanda; Hewitt Associates Actuarial Scholarship: Carl Gillette; Jordan Scholarships funded by the Actuaries Club of the Southwest: Ankit Agarwal, Shamit Gupta, Xiuyu Li, Allan Mak, Minesh Patel, Ashley Smith, Usman Tariq, Wei Yu, Shan Zhu; Jordan Scholarships funded by the Southwest Actuarial Forum: Waswate Ayana; Jordan Scholarships funded by the Actuarial Student Club: Carl Gillette, Grace Liu, Carol Schultz, Nayandeep Singh, Jason Tracton; Jordan Scholarships funded by the UT Actuarial Alumni: Eric Chiu, Jason Simon; Mercer HR Consulting Actuarial Scholarships: Mei Jia, Allan Mak; Milliman USA Standard of Excellence Actuarial Scholarship: Kristen Tanaka; C. Mitchell Actuarial Scholarship: Ashar Azhar; Rudd and Wisdom Actuarial Studies Scholarship: Javier Aranda, Grace Liu; D. W. Simpson & Co. Scholarship: Michael Moser; State Farm Companies Foundation Actuarial Scholarships: Will Arthur, Tatcha Ayana, Mei Jia, Michael Moser, Nick Thornley, Ada Yin; Towers Perrin Actuarial Scholarships: Kristen Tanaka, Bolle Wong; USAA Actuarial Scholarships: Eric Chiu, Jeff Liu; Watson Wyatt Worldwide Actuarial Scholarships: Mark Filorowicz, Jason Simon; Eugene Wisdom Memorial Scholarship in Actuarial Studies: Jason Tracton; Actuarial Studies Excellence Awards (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): Melissa Hinojosa, Siddharth Nanda, Renee Thompson; Texas Department of Insurance Internship (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): Will Arthur, Olivia Felicia, Bob Han, Michael Moser, Siddharth Nanda, Carol Schultz, Jason Tracton, Bolle Wong, Wei Yu.

*Congratulations to you all!*

## Actuarial Student Club

**President: Ashley Smith**

**Vice President: Siddharth Nanda**

**Treasurer: Will Arthur**

The Actuarial Student Club has seen another strong year. The Fall 2003 recruiting season brought numerous employers to the UT campus to visit with students looking for internships and full-time positions. Career expos, company presentations, dinners with job candidates, and even company-sponsored social events have provided recruiters and students with ample networking opportunities.

The club's second t-shirt design is now being sported by many of the club members. Last year's slogan, "Actuaries do it with models," proved to be very popular with the students, and a unanimous consensus led to an extension on that idea: "Actuaries do it with models ...continuously and discretely."

Club funding consists mostly of membership dues, but for the last few semesters, we have had another very

remarkable source of income. The club has been coordinating semiannual Exam I prep seminars, offered to students at a discount price. They have been extremely successful, and special thanks must be awarded to Dr. Ana Neira (Mercer, San Francisco) for volunteering her time to conduct these weekend-long sessions. The proceeds from these seminars have allowed the club to contribute \$7000 towards the actuarial scholarship fund over the last few semesters. Thanks, Ana!

As the spring semester continues, the club will host a few more company visits and organize the fourth prep seminar in early April. Our website will undergo a face-lift within the next couple months, and free DoubleDave's pizza will continue to entice students to attend meetings. Club members had an exceptionally high pass rate for the November exams, and hopefully the May sittings will be equally successful!

**Waswate Ayana**

Arleta, CA

Actuarial Math major graduating May 2006. Passed Exam 1.

**Tatcha Ayana**

Arleta, CA

Actuarial Math major graduating this May. Passed Exam 1.



*The May graduation party*



*Grad student dinner at the Daniels'*

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