

RISKY BUSINESS

—News and notes on the Actuarial Studies Program—

Department of Mathematics

Spring 2006

The University of Texas at Austin

From
the
Director



Last year I commented in this space on the future of the actuarial program after I retire from UT-Austin in August of 2010. This year I'm updating those comments.

The academic year started poorly with the resignation, two weeks before the start of classes, of the Instructor who had one year to go on his appointment to help me teach actuarial classes. Since this cancelled his sections of classes, we moved mine into bigger rooms to accommodate the students—one junior/senior/graduate class ended up with 98 students, not exactly ideal for a class of that level.

We've now hired for next year Dr. Milica Cudina (see the Cudina article on page 3) to help with this teaching and thereby to reduce class sizes. I'm hopeful that she will help in this way for several years at least.

Dr. Leslie Vaaler continues to do a fine job with teaching our interest-theory classes and may well move into teaching some of the more advanced classes as well. Her appointment as Buck Consultants

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Buck Consultants funds Assistant Directorship

Buck Consultants has funded the position of Buck Consultants Assistant Director of Actuarial Studies at The University of Texas at Austin.

Dr. Leslie Vaaler will be the initial Buck Consultants Assistant Director of Actuarial Studies. She is the co-author with Jim Daniel of *Mathematical Interest Theory*, a new textbook published by Prentice Hall in March 2006.



Leslie Vaaler

"Buck has been recruiting top tier actuarial students from The University of Texas for more than 20 years and we have been a member of The University's Actuarial Studies Advisory Council since the Council's inception in 1989," said Tamara Shelton, Managing Director of the Retirement Practice at Buck Consultants. "We are proud to help develop The University's outstanding graduates."

"We are proud to support the actuarial program at The University of Texas," said Howard Fine, Buck Consultants' Executive Managing Director. "Buck shares with The University a strong commitment to the actuarial profession, and we are honored to team with such a prestigious institution."

"Buck's support of an Assistant Director will allow the University to better serve the needs of its students and the actuarial program, by enabling our staff to focus even more time on teaching, service, and research," said Dr. Jim Daniel, ASA, Director of Actuarial Studies at The University of Texas. "While common in such areas as accounting and law, external funding of faculty positions in

See **Buck** on page 2



Jim Daniel and Tammy Shelton

Alum group continues raising funds for the UT Actuarial Alumni Scholarship

For over 90 years the University of Texas at Austin's Actuarial Science Program has been the only advanced actuarial program in Texas, and its reputation for excellence continues to make it a favorite recruiting location for actuarial employers.

The great news is that the program's success has resulted in increases in the last five years, both in the number of enrolled students and number of students passing exams. Our challenge is that this growth continues to threaten our tradition of providing scholarships to students as they pass exams, because there are simply not enough scholarship dollars.

Whether you're a friend of the program or an alumni reading this, you are no doubt proud of this program's success. You want to ensure that future students have the same motivation, encouragement, and rewards as were available in the past.

A small group of alumni banded together in 2002 to create the UT Actuarial Alumni Scholarship fund drive. This annual fund drive kicks off in the fall. Last year, we awarded two excellent students scholarships totaling \$2,000. This past fall, the alumni group offered a matching contribution in the fund drive and we raised our highest level ever – over \$5,200!! We will offer a number of scholarships, and eventually have the scholarship permanently funded through an endowment of at least \$25,000 targeted for 2009. With an annual fundraising goal of \$6,000 we are offering scholarships each year while also setting aside funds to build the endowment.

This alumni scholarship endowment is our way of repaying a program that has given so many of us professional success. If you have any questions, contact any of the dedicated alumni who've made this fund drive possible: Lilian Cho, Jim Davis, Theresa Lee, Valerie Lopez-Zinzer, Karen Nowiejski, Kale Sears, Kevin Zagortz.

Valerie Lopez-Zinzer

Financial mathematics added to exams, classes

Several changes will occur next academic year as actuarial classes adjust to the exam-system changes coming with the May 2007 SoA/CAS exams. All these changes result from the introduction of financial mathematics (called "financial economics" in actuarial circles) to the exam syllabi.

Material on financial mathematics at this writing is planned to primarily be added to Exam M/3, with a smaller amount added to Exam FM/2 and still less to Exam C/4. Material on severity and frequency models will be moved from Exam M/3 to Exam C/4 to make room for financial mathematics.

UT will now have a two-semester sequence of courses—M339J and 349P—offered covering the content of Exam C/4. The content of Exam

M/3 will be covered in the three-semester sequence consisting of M339U, 339V, and 339W.

The courses M339J, 349P, 339U, and 339V are moderately restructured versions of courses currently offered. M339W is a new course, to be taught first in spring 2007, designed to cover the financial mathematics added to Exam M/3.

Requirements for the B.S. in Mathematics (Actuarial Science Option) will be modified to require both M339J and 339U so as to introduce all students to the kind of material in both Exam M/3 and Exam C/4. Students will also be required to take any two of the other three courses or M349R, the class that meets the Verification by Educational Experience (VEE) requirement in Applied Statistics.

Find us on the Web at
www.utactuary.info .

Buck continues ...

actuarial education is uncommon. As far as I can determine, fewer than ten positions have been named for their insurance company donors, fewer than ten have been named to honor individuals, and none have been named for consulting company donors. Buck Consultants has shown real leadership in taking this action."

News and other information about Buck Consultants is available at www.buckconsultants.com. Buck is an independent subsidiary of Affiliated Computer Services. Visit ACS on the Internet at www.acs-inc.com.

Cudina joins faculty as actuarial Lecturer

Dr. Milica Cudina will join the ranks of our actuarial teachers next fall; upon receiving her Ph.D. this spring in Mathematics (applied probability: queueing theory) from Carnegie Mellon University (CMU), she will become a Lecturer here.



Holding an M.S. degree in statistics also, she has taught statistics and math and been highly regarded for her teaching.

Milica will teach two classes per semester in the actuarial program as well as conduct research in applied probability. Initially she will join Jim Daniel in teaching sections of the classes for Exams M/3 and C/4, covering life contingencies, severity and frequency models, credibility, et cetera.

She is also creating our new course on financial mathematics, offered to meet the new SoA and CAS exam requirement in this area (see the Financial Mathematics article on page 2).

If Leslie Vaaler, who currently teaches all our interest-theory courses, begins teaching some of these other classes, Milica may also take a turn teaching interest theory.

Originally from Croatia, Milica will join her husband, Assistant Professor Gordan Zitkovic, on the Mathematics faculty.

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Daniel named to Academy of Distinguished Teachers

Jim Daniel, Director of Actuarial Studies, was selected for UT-Austin's prestigious Academy of Distinguished Teachers. He was formally inducted, and presented with an impressive bronze medallion and certificate, at a fall 2005 ceremony.

Appointment to the Academy brings a permanent salary increase (and priority in getting on-campus parking!). Daniel was recognized for his efforts in developing the actuarial program within the Mathematics Department.

In his remarks at the induction ceremony attended by the university's President and Provost, Daniel commented that he was very appreciative of this honor, especially since it recognized the labors of someone involved not only in classroom teaching but especially in program development. He also remarked that his then sixteen years with the actuarial program had been the most enjoyable and personally rewarding of his 35-year career at UT-Austin.

The Academy of Distinguished Teachers is emblematic of the university's commitment to excellence in teaching. Comprising approximately 5% of the tenured faculty in the university, the Academy provides leadership in improving the quality and depth of the undergraduate experience. Members of the Academy advise the president and provost on matters related to the university's instructional mission; participate in seminars, colloquia, and workshops on teaching effectiveness; and serve as mentors to new faculty.

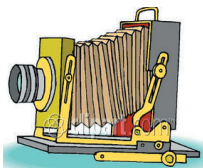
Established in February 1995, the Academy of Distinguished Teachers was one of the first associations of its kind in the nation. Each year, new members of the Academy are selected through a rigorous evaluation process. Deans of colleges and schools annually nominate faculty for membership, and a committee that includes members of the Academy, students, and other faculty review the nominations and recommend a slate of honorees to the provost, who makes the final selections. Honorees are awarded the title University Distinguished Professor and serve for the duration of their tenure at The University of Texas at Austin.

Director continues ...

Assistant Director (see the Buck Consultants article on page 1) frees me from some of the time-consuming administrative chores and will make it easier to recruit someone to succeed me.

The Mathematics Department's governing body recently stated clearly that it wants the actuarial program to continue indefinitely. The Department Chair has appointed a committee of senior faculty to make recommendations on how best to make that happen; this will involve serious discussion of the program's strengths as well as opportunities for improvement. I'm optimistic that the committee's recommendations will be followed by the Department to strengthen the program for the future.

Jim Daniel, Director



Focus on students

Student Club news

President: Travis Weber

Vice President: Jana Sax

Treasurer: Riddhi Patel

The Actuarial Science Club (ASC) student organization has had another successful year. As usual, students remained busy with career expos, company presentations, and other company-sponsored events throughout the fall semester.

This year's club T-shirts sparked a bit more controversy than in the past. The shirts spell out "Actuarial Science Club 2005-2006" using some actuarial symbols on the front, and sport the slogan "If people would just die like their supposed to, our job would be easy" on the back.

The exam preparation seminars for Exams P and FM were once again taught by Dr. Ana Neira (Mercer, San Francisco) last spring and this fall. Thanks to these seminars, the club is able to donate roughly \$3000 to the actuarial scholarship fund per year.

Early this semester, ASC had the honor of having current SOA President Bob Beuerlein speak at one of its biweekly meetings. As the spring semester continues, ASC will continue hosting professional speakers from the actuarial consulting and insurance industries.

The club again held student proctored mock exams for courses P, FM, M, and C.

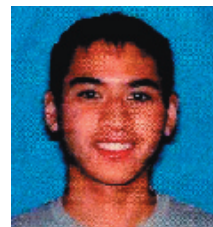
Because of its huge success last year, President Travis Weber will be holding another ice cream social

Waswate Ayana wins CAS Trust Scholarship

Waswate Ayana won one of the three CAS Trust Scholarships for 2005-6; last year UT-Austin students Carl Gillette and Grace Liu both won them.

The \$1,500 per year scholarships are intended to further students' interest in the property and casualty actuarial profession and encourage pursuit of the CAS designations. U.S. and Canadian citizens and permanent residents are eligible.

Waswate graduated in December with a degree in Mathematics (Actuarial Science Option); he had a 3.94 GPA. He is working for XL America in Hartford.



Cisneros, Nanda win teaching awards

Two actuarial students in the Master's program in the Mathematics Department received teaching excellence awards from the Department in competition with roughly 125 other Mathematics Teaching Assistants.



Jorge Cisneros won the Frank Gerth III Teaching Excellence Award for 2004-2005. Jorge, from East Orange, NJ, is graduating with his MA degree in May and will be going to work for Watson Wyatt Worldwide in Dallas. Jorge was also nominated by his students for a teaching excellence award from the Texas Exes, but he was not selected for that award.

Gagan Tara Nanda won the Department of Mathematics Teaching Excellence Award for a TA for the fall semester of 2005. Gagan, from New Delhi, India, is graduating with his MA degree in May and will be going to work for Watson Wyatt Worldwide in Dallas.



for club members in late spring to celebrate the end of the semester. The social is meant to bring program alumni and speakers from throughout the semester together with students for networking.

To learn more about ASC's events and programs, visit its website at <http://studentorgs.utexas.edu/actuary/>.

Jobs and internships

As announced in the 2005 issue of Risky Business, job and internship placement operations are now located in the Natural Sciences Career Services (NSCS) office. For detailed information on how the eRecruiting system operates, contact NSCS: 512/471-6700, nsemploy@uts.cc.utexas.edu, or see the website at careers.ns.utexas.edu.

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