

EDITORIAL AND ANNOUNCEMENTS

GUEST EDITORIAL

THE IMPOSSIBLE ASTIN

ASTIN always reminds me of the old saying about the bumble bee: According to strict aerodynamical principles it cannot fly. Being unaware of this, it flies.

ASTIN started to fly, as a section of the IAA, in a fairly moderate way. It was launched at the inaugural meeting in New York 16th October, 1957, in the presence of 46 persons. The departure was well prepared by a small group of people interested in applying quantitative methods to problems in non-life insurance, among them the General Secretary of the IAA, EDOUARD FRANCKX. PAUL JOHANSEN from Denmark was elected the first Chairman of ASTIN.

The first Bulletin, vol. I, part I, was issued in december 1958. The first ASTIN Colloquium in La Baule in France was attended by a little more than 50 persons. At the first General Assembly in Brussels in 1960 the number of members as per 1st May, 1960, was stated to be 318, of which 72 present.

And ASTIN has continued to fly. It has by now entered on its 15th Chairman. The number of members as per 30th June, 1990, was well over 1,800 with a rapid increase envisaged. The number of participants to the 22nd Colloquium in Montreux was a little more than 250, being a new record with a narrow margin over Scheveningen 1987 and New York 1989. The Bulletin now has round 2,600 receivers (and, hopefully, at least that many readers), which makes it a powerful means of communication.

The idea to start ASTIN flying thus seems to have been very fruitful. This is undoubtedly due to the substance and importance of the problems that urged 'the founding fathers' to start to communicate with each other. Thus, in the first volume of the Bulletin you find papers on rate making from cross-classified risk data, on stoploss premiums, on bonus systems and the Bayesian approach to experience rating and on the application of utility theory to (re-)insurance. Papers on claims distributions and size dependance of the risk premium in fire insurance and on collective risk theory were not published in the Bulletin but in the Transactions of the 1957 International Congress in New York. Almost all of these subjects you can find also in the papers to the colloquium in Montreux!

I regard this as evidence of the importance of the problems originally put forward and not as an indication of conservatism of ASTIN, as during its flight many new developments have taken place. With all excuse for necessary omissions, I will just mention a few as they appeared in the Bulletin (they might have been a little earlier at the colloquia). Credibility made its entrance in 1967 and has since never stopped generating papers. The same year the first 'classical' solvency paper appeared, followed in 1985 by the cash flow

modelling of solvency. Dangerousness and partial order of distribution functions were introduced in 1977 and have been followed by many papers on bounds for stoploss premiums and ruin probabilities. In 1981 we had the recursive calculation of compound distribution probabilities, also being the starting point of a new development. Finally, quite recently the financial field has opened up, very much due to the creation of the AFIR section within IAA.

There is a point with the listing above. All the theories have their origin in very concrete practical problems (Credibility, invented by the americans, as long ago as 1915 or so) and, to my own knowledge as a practising actuary, almost all of them have given results used to solve such problems.

I think the practitioners among us should accept that some of our members might want to pursue a subject perhaps a little more because of its intrinsic mathematical interest than because of its immediate practical applicability. Of course we will be glad if they try to explain to us in simple words why they are doing what they are doing.

I also think that the theoreticians among us should understand that some of our members experience a lot of trouble in getting reliable data as input to a model, that once such data are obtained the model can be relatively simple and that mathematically trivial transformations may sometimes have a deep practical meaning. Of course we will be glad if the practitioners explain to us why this is so and if they can supply us with some real life data.

So, finally, I return to the impossibility of ASTIN. It consists in trying to reconcile the interests of a membership with a large variation in geographical location and thereby actuarial education and tradition, and also a large variation in occupation and careers — universities, companies, consulting, supervision, insurance and/or investments. Hopefully we should also be able to give actuarially developing countries a hand. We have the ‘impossibility’ of getting more practising actuaries to write practically orientated papers for our colloquia and the workshop section of the Bulletin, although it is not part of their ordinary job to write papers in the same way as it is for university people. We also have the ambition to keep administration down, so the whole machinery is going on with voluntary work.

But if we, like the bumble bee, are not aware of—or at least don’t think of—the impossibility, we will get the true balance between theory and practise, between initiators of new development and those inspiring it, between articles section and workshop section in the Bulletin, between papers and discussions.

To cite our first chairman: ‘ASTIN must always keep the nose in the sky and the feet planted in solid soil’.

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