**A Message from the Dean**

I began my term as Dean on November 15, 2011, arriving on the eve of two major University anniversaries. The first was the seventy-fifth anniversary of the Commerce degree program, initially offered in 1937. The second was the centennial of the actuarial program, founded in 1912. The histories of the two programs are referenced in more detail elsewhere in this newsletter and I would encourage you to read them. You might be pleasantly surprised at what engaging, intertwined stories they are.

The respected reputations of what have become the Asper School of Business and the Warren Centre for Actuarial Studies and Research were not, of course, the result of a single academic super-hero. Rather, it was that of a solid, collective effort over the years where faculty, staff, students, alumni and the business community played important and indelible roles in the march forward to the present-day status. Our students continue to be the focal point of everything we do and those in the actuarial option continue to have the unique and broad blend of both mathematics and business training. They epitomize what you will read elsewhere in this newsletter that “an actuary who is only an actuary is not an actuary.”

**Dr. Michael Benarroch**  
Dean, Asper School of Business  
CA Manitoba Chair in Business Leadership

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**My Co-op Experience at Manulife**

Joseph Qian, a 4th-year Asper student, recalls his Co-op experience working at the corporate level of Manulife Financial in 2012 which appeared, in a longer version, in the September 2012 edition of the UMActuary, the student newsletter.

I had my first Co-op term working with the Capital Management Team in Manulife Financial’s Toronto office from January to April 2012. My main role was to help prepare the annual Dynamic Capital Adequacy Test (DCAT). I was also assigned to other tasks such as the upgrades of several Excel-based tools, the reconciliation of Minimum Continuing Capital and Surplus Requirements submitted by different business units, and the preparation for Manulife’s Stress Test under the U.S. Federal Reserve guidelines.

As an annual report, prepared for senior management and regulators, DCAT examines the company’s financial strength under several potential scenarios and their affect on assets and liabilities. Not only a regulatory requirement, it is also a commitment by the company to provide reliable service to its customers. In addition, DCAT needs to be articulated in a detailed, but accessible manner as a variety of stakeholders use the information to make informed decisions.

My work term was challenging from the beginning. My manager was very approachable and available to answer my questions.

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My colleagues taught me many useful techniques to solve problems quickly and efficiently. I began to develop stronger data-analysis skills above and beyond what I learned in school.

On “Job Shadow Day,” I learned about a counterpart’s role and department. They were much different than mine, as he worked on reconciling the actuarial reserves of some of Manulife Financial’s products. At the end-of-term presentation, Co-op students were divided into groups, given a topic, and twenty-four hours to prepare a presentation to colleagues. The leadership, time management and teamwork skills I acquired from this session were extremely valuable and unique from those I had developed academically.

Overall, my co-op term was a great experience. I became more confident in my skills and knowledge. And, my commitment and motivation to become an actuary has greatly increased.

The Co-operative Education Option was introduced to the Asper School of Business in 2007. The program enables students, in all of the School’s disciplines, to spend a pre-arranged portion of their school year in a workplace related to their studies. The end result is that by the time of graduation, the student has received a full year of work experience relevant to their pattern of study, rather than studying full-time and working part-time or during the summer at whatever job is handy. Through the program, employers can assess the students as to their future potential with the company and the students can determine whether or not they are on the right career path or if a change is necessary.

I continued research projects as in prior years and also taught two classes, Asset Liability Management, in Winter 2012, and Loss Models, in Fall 2012.

In January 25–29, 2012, I visited the Universidad Autónoma de México as an invited speaker at the Congreso de Actuaría de Facultad de Ciencias. I gave a presentation, “Modeling Mortality Risk with Pension Applications.” It was a great opportunity to meet the faculty and students of one of the largest actuarial programs in North America. I met a number of distinguished actuaries from academia and industry, including the leaders of the actuarial profession in Mexico.

In January and February 2012, I chaired the search committee that resulted in hiring Assistant Professor Rui Zhou, an outstanding scholar who just completed her doctorate at the University of Waterloo. We had over ten well-qualified applicants and interviewed four of them on campus. This is a very positive sign – lots of good people want to join us.

I continue to serve on the Society of Actuaries Education and Research Section Council. The E&R Section sponsors the annual Actuarial Research Conference (ARC). In addition, I served as a consultant to the SOA Transfer Knowledge Team and, beginning this Fall, I joined the SOA Centre of Actuarial Excellence Grants Committee.

Two years ago Jeffrey Pai and I proposed to the E&R Section Council that the annual Actuarial Research Conference be held at the University of Manitoba, as part of our Centennial celebration. We were successful. I served on the Scientific Committee along with Enrique de Alba, Xuemiao (Samuel) Hao, Elias Shiu, Ken Seng Tan, and Qihe Tang. Professor Hao and I organized the program and produced the booklet of abstracts. As has been reported elsewhere, the ARC was very successful.

Last Spring I was invited to serve on the Scientific Committee of the ASTIN Colloquium in Mexico. I also served as session chair and submitted a paper at the Colloquium in Mexico City September 30 – October 4. The paper, “Managing Capital Market and Longevity Risks in a Defined Benefit Pension Plan,” is under second review for publication in the Journal of Risk and Insurance.

I taught my last class as Warren Chair Professor this Fall and served as Chair of the search committee to find my successor, who will likely be announced before the end of the year.

It has been my great pleasure and honour to serve as Warren Chair Professor from 2007 to 2012. During this period, the Warren Centre made many positive strides forward: it was recognized as a SOA Centre of Actuarial Excellence and admitted to the Canadian Institute of Actuaries University Accreditation Program, to cite two examples. I appreciate very much the opportunity to participate in these advances. I enjoyed the great collegiality, outstanding students, very helpful stuff and strong support of the Warren Chair Committee.

Thank you.
Welcome to the third edition of WarrenWords, our annual newsletter to graduates and friends of the Warren Centre.

The actuarial program at the University of Manitoba celebrated its 100th anniversary in 2012. Today, the Warren Centre is the second oldest actuarial program in Canada and the fourth in North America. Among its many honours and accolades, it is one of a handful of institutions designated a Centre of Actuarial Excellence by the Society of Actuaries.

The Centre capitalized on the centennial by organizing a variety of special events throughout the year, with the much-appreciated help of and thanks to colleagues Sam Cox, Xuemiao (Samual) Hao, Brenda French, and the late Mike Byrne (who was much involved prior to his death in January 2012); and industry representatives, Steve Firman and Sunny Oh, of Great-West Life, Brett MacKinnon, Wawanesa Insurance, and Doug Poapst, Eckler Ltd.

A separate section of this newsletter is devoted to capturing the centennial story in words and pictures. In addition, you will find, in the main body of the publication, a focus on our students, their leadership, scholarship and activities.

Your comments are always welcome and feedback is encouraged. In the meantime, I think there is a high probability that you will enjoy Issue #3.

Jeffrey S. Pai, PhD, ASA, PStat, ACIA
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Let them eat fish ~ or chicken, or vegetable roulade

The options were offered but also on the menu at the 51st Fish Dinner held on October 11, 2012, was a spirited keynote address by Nicole Fende, ASA. Fende, a spark plug of a speaker from Minneapolis, gave an engaging, interactive and entertaining presentation that, among other points, argued convincingly, for the need for more actuaries in the world, because of their specialized training and skills. Fende is Numbers Whisperer™ and President of Small Business Finance Forum, host of the SmallBizFinance Show on Blog Talk Radio and author of How to be a Finance Rock Star.

The evening also recognized the student recipients of various scholarships offered by corporate sponsors whose sustained generosity is deeply appreciated.

1) Sun Life Financial Scholarship in Actuarial Mathematics, $5,000, renewable plus an internship, by Alon Halbrich to (l) Samantha Allen (2012 winner, 3rd-year Asper) and (r) Sui Sum Rosena Chan (renewal, 4th-year Science)
2) Murray Segal Memorial Scholarship in Actuarial Studies of $3,000 to Steven Honcharik, (4th-year Science) flanked by David Stangeland, Associate Dean, Asper School of Business, and Rui Zhou, Assistant Professor, Warren Centre.
3) Great-West Life Actuarial Career Scholarship of $5,000 and renewable, presented by Chris Jansen to, from l to r, David Senensky (2012 winner, 3rd-year Asper), Justin Lasker (2012 winner, 4th-year Asper), Chris Jansen, Great-West Life, Keri Guenther (renewal, 4th-year Asper), and Tyya Nai (renewal, 4th-year Science)
4) Manulife Actuarial Scholarship of $5,000 and renewable, presented by Brad Wallis to (l) Maja Bakija (2012 winner, 4th-year Asper) and Julia Gudmundson (renewal, 4th-year Asper)
5) Tinotenda Marova, an actuarial student in the Faculty of Science, was awarded the International Association of Black Actuaries (IABA) Foundation scholarship this year. This is the second consecutive year that University of Manitoba actuarial students have won the scholarship.
A dinner in celebration of the 100th anniversary of the actuarial program at the University of Manitoba was held on campus, in Marshall McLuhan Hall, on August 2. Approximately 180 people attended and enjoyed a sumptuous meal fit for the special occasion.

Ken Clark, the Gold Medalist in the class of BComm(Hons)/55, and currently a Consulting Actuary with Eckler Ltd. in Toronto, was guest speaker. Clark delivered an erudite, entertaining and amusing speech of substance, a meal in itself. He covered a lot of ground, touched upon a number of subjects and provided much food for thought. Space does not permit reprinting the speech in its entirety. The following selected, slightly edited highlights, however, convey the flavour of what he had to say about...

**why he was asked to speak**

Contrary to what you have been earlier told, the main purpose of this dinner is to make you fed up, first with food and then with me. To mark the 100th anniversary of the start of the actuarial program at the University of Manitoba is merely a secondary purpose.

**what is an actuary**

Definitions abound, mostly incorrect, humorous, and insulting. The abominable no-man. A person who never makes a little mistake. For the purpose of my presentation, an actuary is a person who, if you give him an inch, measures it.

**technology and the profession**

In 1945, the University acquired five Monroe calculators for the statistics laboratory. I see that you are not impressed, but you should be. The Monroe calculator was the sine qua non, the ne plus ultra, the cat's meow of calculation technology. It was slightly smaller than a washing machine but just as noisy. They were still in use when I entered the actuarial program in 1951 and learned how to do heavy arithmetic without taking off my shoes and socks. The Monroe calculator required the constant use of both hands, so no one-armed paper-hanger need apply. It was green technology – no climate-warming electricity needed. To multiply 112 by 46, for example, you enter 112 on the keyboard with your right hand, then grasp the crank handle and turn the crank 4 times. You then flip the keyboard one space to the right with your left hand, turn the crank again, this time 6 times, and presto, the job is done. I feel really sorry for today's youngsters. They have only their smart phones. After doing their arithmetic, they have to go to the gym to get their exercise.

**the actuarial program at the U of M**

Since 1912, the actuarial program has expanded to cover everything that an actuary needs to know and everything that the rest of you don't want to know. But I do not know whether to be perplexed at the subtlety, or amazed, at the diversity of the names of what we celebrate tonight. This event is billed as a dinner “in celebration of the 100th anniversary of the actuarial program.” But “actuarial program” is what it isn't. It's almost everything else. Is it a department? Is it a school? Is it a faculty? Is it a centre? It's all of the above, at different times. There seems to be a 100-year difficulty in somebody making up his or her mind. I suppose that if it talks like a department, and it walks like a school,
and it quacks like a faculty, then it must now be a centre. Extrapolating – actuaries love to extrapolate – we can expect a name change every 25 years on average. Why? Universities love committees as much as actuaries love extrapolation, and every committee needs to have something to do.

**how he became as student**

I entered university I suspect for the same reason that many people do. My parents told me to, and anyway it was the thing to do. I entered the business school for no particular reason that I can remember. University was a wonderful learning experience! I learned how to play hearts in the common room, and became proficient. I learned how to drink beer, not proficiently – that came later. One frigid February day, a real live actuary – “live actuary” is not an oxymoron – came to the University and said to me, “How would you like a job this summer in New York?” Yikes! New York! The Big Apple! So I replied, in a manner well bred, “Where do I sign?” The nature of the job and the identity of the employer were of no importance. He told me anyway. It turned out that the job wasn’t in New York, but in nearby Newark. No matter. I could live in the suburbs, work very junior actuarially in Newark during the week, and play in New York during the weekend. All that was my carefully-thought-out plan for a happy career as an actuary – a career not yet fully over, for old actuaries never die, they just fade asymptotically away.

**changes in the profession**

Has anything really changed since those distant days when I was young? I see two, and they make a strange pair – technology, and women. Technology: Not only do the things that we used to do get done a thousand times faster, but also we can do a thousand things that were impossible before. Which is just as well, because we are called on to do a thousand new things. Women. I don’t mean that women have changed, which is just as well, but the demographic composition of the profession has changed big time in their favour.

**the need for more actuaries**

That the world needs more actuaries is a thesis easy to prove. The world’s economies are in a mighty mess, thanks, in large part, to the dead hand of the past. Today, we eat the bitter fruit of the unmeasured consequences of entitlements nonchalantly granted yesterday. What we needed at the time is someone who, when you give him what is thought to be an inch, measures it, and, having measured it, persuasively says, “You are not giving an inch, you are giving the whole damn yardstick!” Where we fail as actuaries is not in the correct measurement of entitlements, but in the loud proclamation of their magnitude. Those who create entitlements are well-intentioned but they know not what they do. We need more actuaries, and more persuasive actuaries.

**the future and the Warren Centre.**

What do the next 100 years hold for the actuarial program? Why, the same as the past 100 years I guess. Ups and downs, triumph and tragedy, two steps forward, one step backward, name change every 25 years. It is humorously said, of nothing in particular, that the first 100 years are the hardest. The second 100 years are going to be just as hard, probably harder. The good news is that the first 100 years are a glorious example to look back on with pride, to look up to in admiration, to emulate – “emulate” in the sense of “imitate”. The bad news is that people expect us to emulate – “emulate” in the sense of “surpass.”

Do better we must. Yes, we can! So I say to those responsible for the actuarial program: You have done much, and done well. But you must do more, and do better. For the world needs more actuaries, and better actuaries.
A Knight to Remember

For many years, Bernie Madoff delivered consistently steady returns.

In December 2008, his operation was exposed as a giant Ponzi scheme.

At that time, the value of the funds in his accounts was estimated to be sixty-five billion dollars. However, there were no assets backing these numbers.

The Madoff scandal raises many questions. How did he perpetrate such a massive fraud and fool so many people for so long? Why did regulation and due diligence fail? Are there any simple tests that could have been used to check if his alleged returns were too good to be true? What can we learn from this disaster?

That was the outline of a most accessible and fascinating presentation on April 4th by Phelim Boyle of the School of Business and Economics at Wilfrid Laurier University, in Waterloo, Ontario. Boyle was the 2012 Robert and Elizabeth Knight Distinguished Visitor. His talk, which could be subtitled, Ponzi Schemes for Dummies, was the inaugural event in celebration of the centennial of the actuarial program at the University of Manitoba. He not only answered the provocative questions in the outline above, he led the audience of faculty, staff, students and the general public on Madoff’s circuitous trail of financial malfeasance – one of the largest white collar crimes in history.

While here, Boyle met with faculty and held meetings with students, as did Mary Hardy, the Warren Chair Distinguished Visiting Scholar, whose visit coincided with Boyle’s. Hardy, from the University of Waterloo, is the CIBC Chair in Financial Risk Management, Department of Statistics and Actuarial Science. (Both scholars also participated in the Actuarial Research Conference in August.)

The Robert and Elizabeth Knight Distinguished Visitors Program was established in 1992 and supported by a fund in their name. Both Knights graduated from the University and Robert had a very successful career with the Walgreen Company. The fund supports visits to the University “by individuals who have made distinguished contributions to the advancement of knowledge or to cultural, social and economic development.”

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Happily, I see it happening. The young actuaries today are so much better than I was at their age – and I was great! But to emulate, in the sense of “surpass”, will be a continuing challenge to the deans, directors, chairs, professors, lecturers, graduate assistants, administrators, hangers-on in the actuarial program’s departments, schools, faculties, centres. But also a challenge to those of us in the outside actuarial community, to encourage and support the program. I can do no better than to quote the old motto of the Institute of Actuaries. “I hold every man a debtor to his profession, from which men do of course seek countenance and profit, so ought they also, by way of amends, to be a help and an ornament thereunto.”

We stand at the cusp of history. The age of globalization and cynicism. Our society, our economy, our world are in flux, and not always good flux. Professionals, including actuaries, are more needed, yet less trusted, than ever. The world needs not just more actuaries but more actuaries both technically skilled and well-rounded. The words, uttered in 1968 by Frank Redington, a great actuary who was both technically skilled and well-rounded, live on: “An actuary who is only an actuary is not an actuary.”

GET YOUR VERY OWN COPY

Throughout his talk, Ken Clark made many references to Assessing the Risk, the history of the actuarial program at the University. The publication can be viewed on line at the Warren Centre website (just enter Warren Centre for Actuarial Studies and Research and look for the link).

Hard copies are available by e-mailing: warrencentre@umanitoba.ca
Memorial Scholarship

The Actuarial Foundation of Canada has established an endowment fund, with an initial gift of $100,000 (US), at the University of Manitoba. The fund will support a scholarship, renewable up to five years, to an undergraduate student who is Aboriginal (Status, Non-Status, Metis, Inuit), subject to certain academic standards being met by the student.

The fund was established in memory of James C.H. Anderson, BComm/52. Anderson had an exceptional actuarial career in the U.S., both in industry and as a consultant. His paper, *Gross Premium Calculations and Profit Measurement for Nonparticipating Insurance* brought him world recognition and led to the development of a new, discounted cash-flow methodology used both for pricing life insurance products and for determining the value of life insurance companies, both of which have become international standards.

Anderson died unexpectedly on August 5, 1993 in Stone Mountain, Georgia and was inducted posthumously into the Insurance Hall of Fame in 2001.

The Scholarship was announced on August 2, at the Centennial Dinner, by Curtis Huntington of the University of Michigan and Chair of the Anderson Fund. As University approval was pending at the time of the Centennial Dinner, a ceremonial presentation was made to Wanda Wuttunee. She is a Professor of Native Studies, and heads the Asper School’s Aboriginal Business Education Partners program.

It is expected to supplement the endowment fund with contributions from other sources.

History Matters

In celebration of seventy-five years of business education at the University of Manitoba, the Asper School of Business published *Open for Business*. It traces the corrugated rise of the Department of Commerce, founded in 1937, to become one of the leading business schools in the country. It was researched and written for the School by Laird Rankin, BComm/64.

A rags-to-riches story, 128 pp, illustrated, timeline and index, hard cover, $20 (includes postage and taxes). Copies are available through:

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UMAC: Ready to Serve

The University of Manitoba Actuarial Club (UMAC) is the student-support group for those interested in the actuarial profession. Through a variety of programs, largely but not exclusively social, UMAC provides a context designed to facilitate a student’s studies.

There is, for instance, the mentorship program, a “buddy” system that pairs senior-level students with ones in first year to act as both a point person for questions and a friendly face during what is both a very exciting and daunting time in student life. There is the annual “What is an Actuary?” event, in which, through presentations by practising actuaries, first-year students are introduced to the profession and to the variety of work done by actuaries. Also, the Club hosts annual mock interviews in which students are asked popular interview questions in a format similar to that of “speed dating”, a web-based organized form of matchmaking that focuses on meeting a lot of people in a short period of time.

UMAC’s longest running activity is the Fish Dinner, which celebrated its 51st anniversary in October 2012. Primarily a networking event, it brings together actuaries and students for a sit-down dinner and a keynote address from a leading actuary. (See separate item)

The menu is no longer exclusively fish, although it remains a choice on the menu. In 2012, the Club undertook some new initiatives to better serve its membership. These included UMAC merchandise, the UMACtuary, a monthly newsletter, and an improved website. In the planning stage is a charity fundraiser to honour the late Mike Byrne, the Warren Centre’s first Executive-in-Residence, as well as the memorable mentor to many students. The Club is also in the homestretch of planning to host the 24th Annual Actuarial Students’ National Association (ASNA) Conference to be held in Winnipeg on January 5th and 6th, 2013. This is an annual gathering of students, industry members, and employers from across Canada and the United States.

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Feedback

Do you have recollections you would care to share about your student days in the actuarial program? Where were your classes held? Who were your classmates? Any anecdotes to note? Do you have photos? Any outstanding library books? Or parking tickets?

What do you think of this newsletter? Your responses are encouraged and would be most welcome. Please let us know by contacting:

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