

## Farewell from Professor Pollard

Dear Students,

Thank you for inviting me to write a few words in the Assoc quarterly magazine, *The Actualite*, which I have always read with interest.

I was appointed to Macquarie University on 2 December 1968, following three years of PhD research in Cambridge and a post-doctoral year at the University of Chicago. Macquarie at that time was a very new University with a small number of new buildings and a small number of staff. One tended to know almost everyone on campus.

The Actuarial program, first in the world to be recognised by the international professional bodies, had been announced very late in 1967, and it was gratifying to find that almost 30 students enrolled in the new untested program in 1968 (amongst them, our own John Shepherd).

Whilst some aspects of the program were similar to those today, there were also some marked differences. For example, the equivalent of ACST101 was worth 1 credit point, and the equivalent of STAT171 was worth 2 credit points. My first major teaching in the program (in 1969) was three quarters of a single whole-year 8 credit point unit covering essentially the equivalent of most of ACST200, ACST344 and ACST 345 combined!

I learned a lot in the teaching too. In their third year in 1970, the students had to undertake three 8 credit point units, and they certainly took their studies seriously, as the penalty for failure was considerable.



The early years were great ones, and with small classes, it was possible to get to know all the students well. The numbers of new students each year grew rapidly, and soon settled at around 45.

I was appointed Professor of Actuarial Studies in 1977, following the retirement of my father in 1976, and I soon learned some new leadership responsibilities. There were no Australian examinations in those days, so all our graduates subsequently sat the final examinations of the Institute of Actuaries (London). In the third year, we had units designed to give our graduates an introduction to the final Fellowship subjects of the Institute of Actuaries. This was fine until in 1977, the London Institute introduced a subject new to Actuaries: general insurance. No one in the Department knew anything

about it. So, under “the buck stops here” principle, I undertook to teach the new subject, bought textbooks and started to learn about the subject. I was never so nervous about teaching as I was the first semester I taught this unit, and my nervousness increased when I discovered that I had two men from a

major life insurance company attending classes to learn general insurance in the hope of passing the London subject, and a man from Qantas who was involved in negotiating Qantas’ insurance on the London market! But taking up general insurance is one of the best things I ever did. **General Insurance is fun!**

Australian examinations were established in 1980. I served on the planing committee, and was chief examiner for the Australian general insurance subject for a couple of years. I was also on the Council of the Institute of Actuaries of Australia for nine out of ten years from the late 1970s, and was very honoured to be elected President for 1987. The decade was an important development period for the profession in Australia: our own examinations, our own qualification (FIAA), a new code of conduct, our own independent city office, and so on. There was much to do.

It was never easy to attract Actuaries to a university, because of the markedly lower salaries offered. Recruitment became very difficult in the 1980s as our student numbers swelled, and I pointed out our problem to the Institute of Actuaries of Australia, which set up a committee and eventually found a formula to reduce the effect of the salary differential between city and university, and I am indeed most

grateful to my many professional colleagues who assisted at this time.

It was the mad “entrepreneurial” decade world-wide, and the Actuarial Profession was not immune from it. The demand for Actuarial Graduates was incredible, and students were often offered six or more jobs at inflated salaries. But the madness came to an end very suddenly with the collapse of Bond Corporation and many others. I remember a student who finished his studies during the boom period, went overseas for a few months’ holiday, and came back to find that by then he actually had to look for a job. He ‘phoned me rather indignantly to complain!

Demand for Actuarial Graduates was weak in the early 1990s, but gradually strengthened and settled back to a more normal sensible level.

**“Even actuaries get their estimates wrong!”**

From the late 1970s, there was some pressure from Melbourne Fellows for a Macquarie-type program in Melbourne. I pointed out the problems: duplication, difficulties of obtaining suitable staff, and so on, but the pressure remained. In the mid eighties, the profession sounded out universities in Melbourne about such a program, but none were interested. Eventually, a senior Actuarial Colleague and I visited the Dean of the Faculty of Economics and Commerce at the University of Melbourne to try to persuade that institution to develop an Actuarial Program. It eventually agreed to a distance course from Macquarie, provided most of the costs were met by the profession. The costs were paid by Macquarie University Actuarial Foundation. Curiously, the University of Melbourne suddenly decided a few years later, for reasons

I never learned, that it desperately wanted an Actuarial Department (and quickly), and it appointed Associate Professor David Knox from Macquarie as its foundation professor. I was a member of their selection committee, and it was with considerable sadness that I expressed the view that he was the best person for the job (because we would lose him). At that time, we were also teaching Actuarial Studies distance mode for ANU.

The 1990s saw our student numbers continue to rise and we were forced to control the numbers by raising our entry UAI. In some ways, this also tended to increase the demand! This year, our first year numbers have exploded, with around 180 in ACST151, rather more than the expected 120 (Even actuaries get their estimates wrong!). About 40 are international students, of whom 20 come from China. I am delighted that we have this rapidly growing international demand, and a major task for the Department will be to maintain a good balance between foreign and local students.

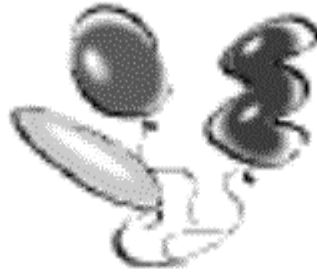
During my well publicised journey of 1999, I made the decision to retire at age 60 in 2002. By then, I would have been teaching at Macquarie for more than a third of a century. I can still remember my appointment in 1968 and noting the potential retirement year of 2002 – it seemed so far away in the distant future. And it seems to arrived very quickly. The decision to retire was not easy. Macquarie has been a very good and pleasant place to spend the major part of my working lifetime. My colleagues both inside and outside the Department have been

good to work with and friendly. I enjoy my teaching and have managed to write more than 80 refereed research papers and six books (translated into Russian, Chinese (two), Japanese and Spanish). But in my view it was time for a change. So on 26 July, I will spend my last day here employed by the University. My last year has been a particularly busy one, with the responsibilities of Head of Division (almost a third of the University's students), on top of my normal duties as Head of Actuarial Studies and my usual teaching duties. The demands of the dual role are such that I can do them for a limited period, but certainly not indefinitely.

I hope to continue with some of my consulting activities after 26 July, and do some of the research that I have not achieved during the past 2 years. Hopefully, I'll run into many of you on campus (where I'll visit from time to time) and elsewhere. I hope these reminiscences of earlier years are interesting and that you find interesting and rewarding careers. All the best with your studies and careers!

*Prof. John Pollard*

**"Macquarie has been a very good and pleasant place to spend the major part of my working lifetime."**



It's Coming!...  
... the 2002 JASS Annual Dinner

Proudly presented by:



**assoc**

Actuarial Students Society at Macquarie University



Where do you want to go?

If you have any suggestions please send them to [treasurer@mqassoc.org](mailto:treasurer@mqassoc.org)

## From the President

Welcome to the end of semester one, 2002. I hope everybody is feeling composed and happy, because as intelligent and hard working Actuarial Students, we are all fully prepared to face the end of semester exams, which are great opportunities to demonstrate our complete understanding of the art of Actuarial Science. Is that the sound of you laughing joyously?

During the past couple of months, Assoc has had two major events. The first one was the QED Careers Forum, which was held on the 6<sup>th</sup> of May. The event attracted more than 180 actuarial students, which was a record for any single (non-BBQ) Assoc event. Unfortunately, Assoc was not able to foresee such a large turn out of students. And that led to a number of logistical problems during the night, some students were not able to find a seat and had to stand for most of the night, and some of you complained to me that there was not enough food, but I thought we attend the QED night for gaining more information, rather than gaining a few kilos, or aren't we?! Anyway, if you did hang around at the end, there was indeed 'unlimited food' as the catering of SAM kept coming with more and more dishes. But overall, it has to be said that the event was a huge success, many students attending found it to be a very informative presentation, and Zurich's decision to run a recruitment drive during the night was a pleasant surprise to everyone. Assoc would like to thank all those who attended the QED night, and we will make sure that adequate provision will be made in any future events.

The second event ASSOC ran during that period was the PricewaterhouseCoopers Basketball Competition; in fact it was an

event that was co-hosted by Assoc and its counterpart in UNSW, Assoc. Twenty teams participated in the competition, in which thirteen came from Macquarie. I am very pleased to inform you the Macquarie teams made a clean sweep by winning the top FOUR spots in the competition, and the fourth placed team was a mixed gender team. Assoc would like to congratulate these winning teams, and we would like to thank all teams who participated in the competition, including the ones from UNSW. I would also like to personally thank our treasurer Simon Theresia for putting together this competition within a very short period of time.

Now let us looking into the near future. Assoc is helping organise a Ski trip during the mid-semester break, if you are interested in going, please visit our website at [www.mqassoc.org](http://www.mqassoc.org) for more information.

Assoc will be striving to expand our operations on the successes of the first semester. Preparatory works are already being carried out for the upcoming (drum roll please) Assoc Sharemarket Portfolio Game, the Meet the Professionals Night, the PricewaterhouseCoopers Soccer competition and the much-anticipated Actuarial Annual Dinner. So please keep yourself tuned in by visiting our website, do not be left out of the action!

Lastly on a sentimental note, many of you would have been informed that our much loved and respected academic, lecturer, entertainer, friend and the owner of the green little big Morris Mini Traveller, Professor John Pollard will be retiring at the end of the semester, after more than three decades of dedicated work in the education of future Actuaries. The life of

many of us has been touched by this kind gentleman, whose kindness and enthusiasm for the Actuarial profession will continue to inspire all of us. Assoc, on behalf of all Actuarial Students would like to say: **"Thank You, Professor Pollard!"**

Cheers everyone.

*Yi-Nan Wang*



## Actuaries Can't Jump

The 2002 Assoc Basketball Competition, held at the North Sydney Indoor Sports Centre on Friday 17<sup>th</sup> of May, boasted twenty tough teams hell bent on showcasing their basketball talents.



Why else would a bunch of seemingly normal Actuarial Students venture out of the comfort of their study rooms to compete in a *sporting* event? Well to give them credit, maybe they knew about the free food or maybe they decided to take the doctor's advice of getting more exercise. Maybe they even thought they had a sporting chance of winning some money. One look at the calibre of opposition on offer that day would have dismissed any such optimism.

One word to describe the competition would be 'competitive'! Most teams came to play and the level of intensity was, for a lack of a better word, intense. I don't know whether it was the pride of excelling in basketball or

the Actuarial competitive instinct, but you could have sworn that you were at a footy match. There were punches thrown, noses bleeding, bodies colliding, wrist injuries, finger injuries, scratching, shoving, cramps, bruises and the usual academy award winning acting for fouls. Even the winners were named the Sharks. Some teams were also cunning enough to have two Actuarial Students on the sidelines as reserves and having three dubious looking fellows on court, taking full advantage of the minimum two Actuarial Students loophole. Rest assured that this act of 'importing' players would be minimised next year to make the Basketball Competition a more friendlier and safer competition for everyone.

It is also interesting to note that Macquarie University took out the first, second, third and fourth prizes. I'm not really sure what this means though. I guess it's up to the reader to make his/her own judgments. I personally think that Macquarie University is the better university. So the next time



you're at a job interview and there is mention of that other university, please feel free to mention to the innocent inexperienced interviewer of the outcome of this basketball competition. Just a thought.

Congratulations to all the winners! It is also worth mentioning the number of female teams that turned up. Although they weren't very competitive, apart from team 'Pit Crew' headed by ASSOC's very own Sussan and Rosanna Lam (not related) who followed the rules interestingly, I'm sure that everyone enjoyed their friendly presence.

The winners were:

**\$150 1st , 'Sharks'** (Chris, Andrew D, Phil, Andrew J)

**\$100 2nd, 'Lakers'** (Darren, Jack, Andy)

**\$50 3rd, 'Sonics'** (Marvin, Kevin, Anthony, Henry)

**\$0 4th, 'Pit Crew'** (Sussan, Rosanna, Angelo, Stephen, Kasey, Kyle)

Thanks must go out to the following people for their help on the day:

Tony Do and Betty Chan for their useful skills with the mop.

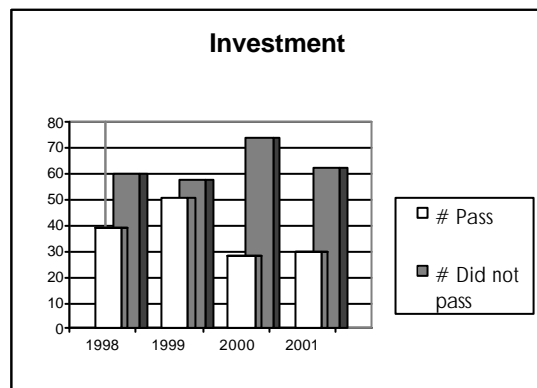
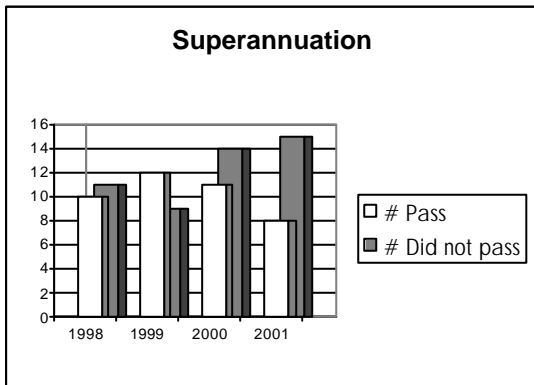
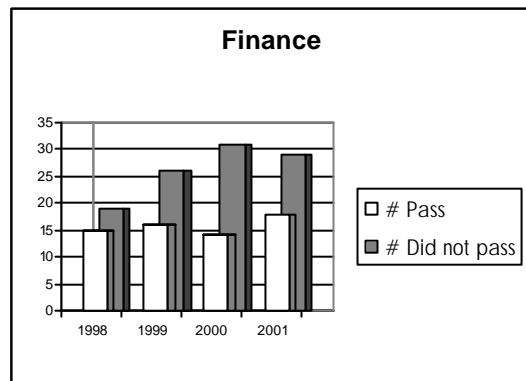
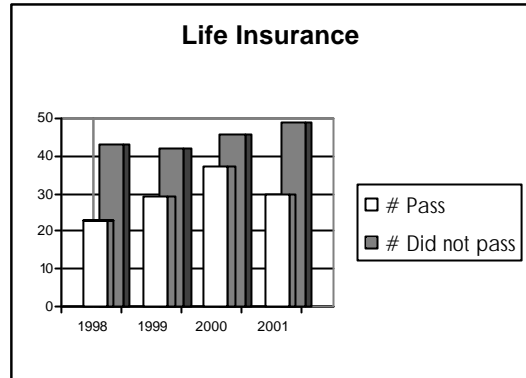
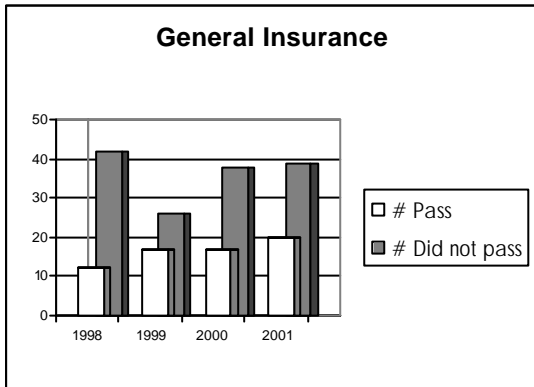
Darren Ma, Tony Do and Rosanna Lam for umpiring.

Eunice Mok for her invaluable help in avoiding a near crisis with the competition draw.

Finally, thanks must also go out to our sponsor PwC Actuarial for making this event not just a possibility, but also a success.

*Simon Theresia*

# Those Part III "Pass" Rates



## That AppFin Elective

If you are studying a double degree in Actuarial Studies and Applied Finance (which is about 95% of you), you might be interested to know that there have been some minor changes to your **recommended** program in the fourth year. I'm writing this to all students that haven't done ACCG329 and ACST305 yet.

If you had followed the recommended program, please note that ACCG329 (Securities Pricing and Hedging), no longer appears in your fourth year. Macquarie University has changed the rules so that ACCG329 will no longer count for credit if you complete ACST305, (this was pointed out in the last issue of *The Actualite*). ACST305 which as you all know is an exemption subject, so you'll most probably do that instead of ACCG329 if you're aiming for the maximum number of exemptions.

Note: The requirements to qualify for the BAppFin is that you complete at least 2 of ACCG352, ACCG353, and ACCG329. Since ACCG329 is NCCW (not to count for credit with) ACST305, you're stuck with just the other two. Hence to meet the 96-credit points requirement for the double degree, you must undertake another elective in fourth year (or whenever else you choose to). I'm sure that you all share a sense of regret as I do in not being able to study this seemingly wonderful subject. Hell, that was the reason for studying Applied Finance in the first place. However looking beyond the subject name, ACCG329 was excluded due to the fact that material in ACCG329 was being covered at a more difficult level in ACST305. I'm sure you all share my sentiment towards the Department for making our university studies always challenging and always new.

If you were unfortunate enough to have not passed some subjects, you are likely to be exempt from studying this extra elective. This is assuming that you studied some other subject that meets the additional 3 credit points requirement to satisfy an alternative prerequisite, like for FIN310 if you miss out on STAT271: ECON141 seems to have been a popular choice.

Note that apart from ACCG329 being replaced by an elective, there are no other changes to the recommended program. Well, none that I have picked up, (apart from ACST210 being replaced by ACST211, and the COMP thing).

The good news is that this elective can be a 100-level subject, assuming you have completed ACCG253. See, the recommended program for this double says that you need to do ACCG253 or any elective, as well as an above 100-level elective. If you do ACCG253, you satisfy the requirements for the above 100-level elective, which leaves you with the chance to do a 100-level elective. I can hear distant echoes of cheering and jubilation. "A 100-level subject in fourth year, it's going to be great for that GPA!"

Now you might ask yourself, "What do I want to study?" This is the first time in our university lives that we are given a choice of what to study. Where other courses take for granted this freedom of choice, we Actuarial Students have been bamboozled into accepting such subjects as ACST243 and STAT272, wasting our imaginative young minds on the actuarial tables. This is at the expense of increasing our general knowledge about other aspects of life. There is a life outside Actuarial Studies. So please choose wisely!

This might be the choice that shocks you into reality and confirms in your mind what you have been feeling for your entire three years here at Macquarie University, that Actuarial Studies is not for you.

I know some people have decided to study another ECON, STAT or ACCG subject. Don't get me wrong, these are great subjects. But why with your only phone call from gaol will you study the same subjects you have been studying for the past three years? To me this is insane. I know there are also some of you that are planning to study 200 or 300-level subjects. I admire your ambition and your thirst for knowledge. But please, don't cry when your GPA does not receive the boost it could have had.

So for the rest of you who are like me, what will we do?

Well I can recommend four very interesting subjects:

1. BBA101 (Fundamentals of Marketing) and BBA102 (Business Organisation Principles): Studying both these subjects means that Applied Finance students satisfy the requirements for Associate and Senior Associate Membership for the Australian Institute of Banking and Finance, whatever that is.
2. HIST112 (An Introduction to World History): If you ever wanted to see what the other students are like at Macquarie University and you have a secret passion for history, this might be the subject for you. See you there in 2003.
3. JPN123 (Japan's Contemporary Culture through Manga – Animated Cartoons): Some of you may scorn at this suggestion but unless you have

been to Japan, you will not fully appreciate the position that manga holds in contemporary Japanese culture.

To make matters even more interesting, you really didn't (/don't) even need to do ACCG253. See the prerequisites for units that need ACCG253 say "... or ACST200" and "... or ACST305". Since you're likely to be doing ACST200 and ACST305 for exemption purposes, you satisfy the prerequisites for ACCG353, ACCG352 and FIN310 without ACCG253 anyway. If you choose not to do ACCG253 however and do a 100-level elective, AND you follow the rest of the recommended program, you will need to replace it with an **above** 100-level elective.

So, in summary, you really have two electives if you follow the recommended program: One at 100-level, and one above 100-level of which you can choose ACCG253, (which is HDable) but you don't have to!

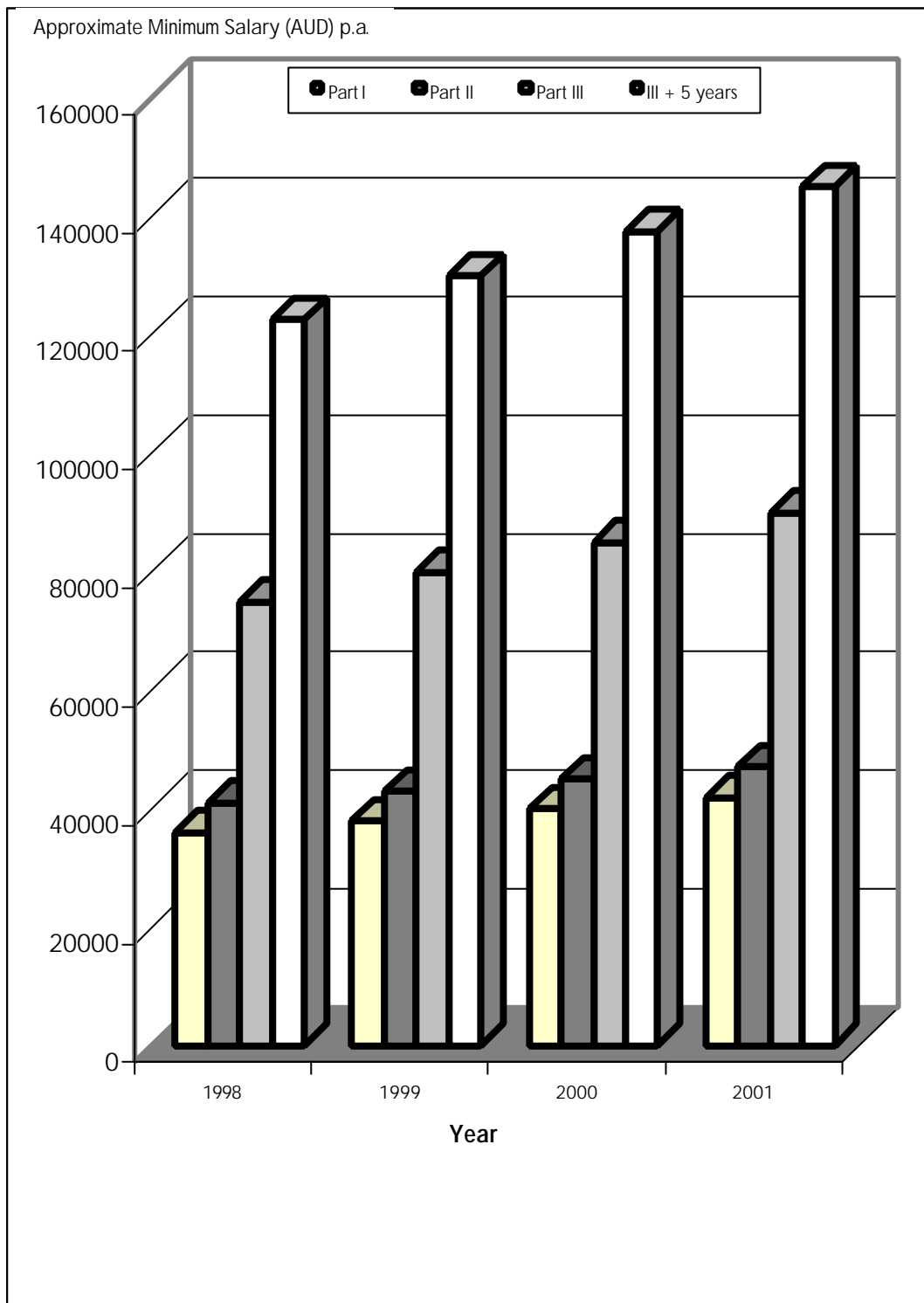
Anyway, happy choosing!

Please refer to a university advisor if you have any queries regarding the 'new' program.

Also check that you have met the requirements for your own individual circumstances.

*Simon Theresia*

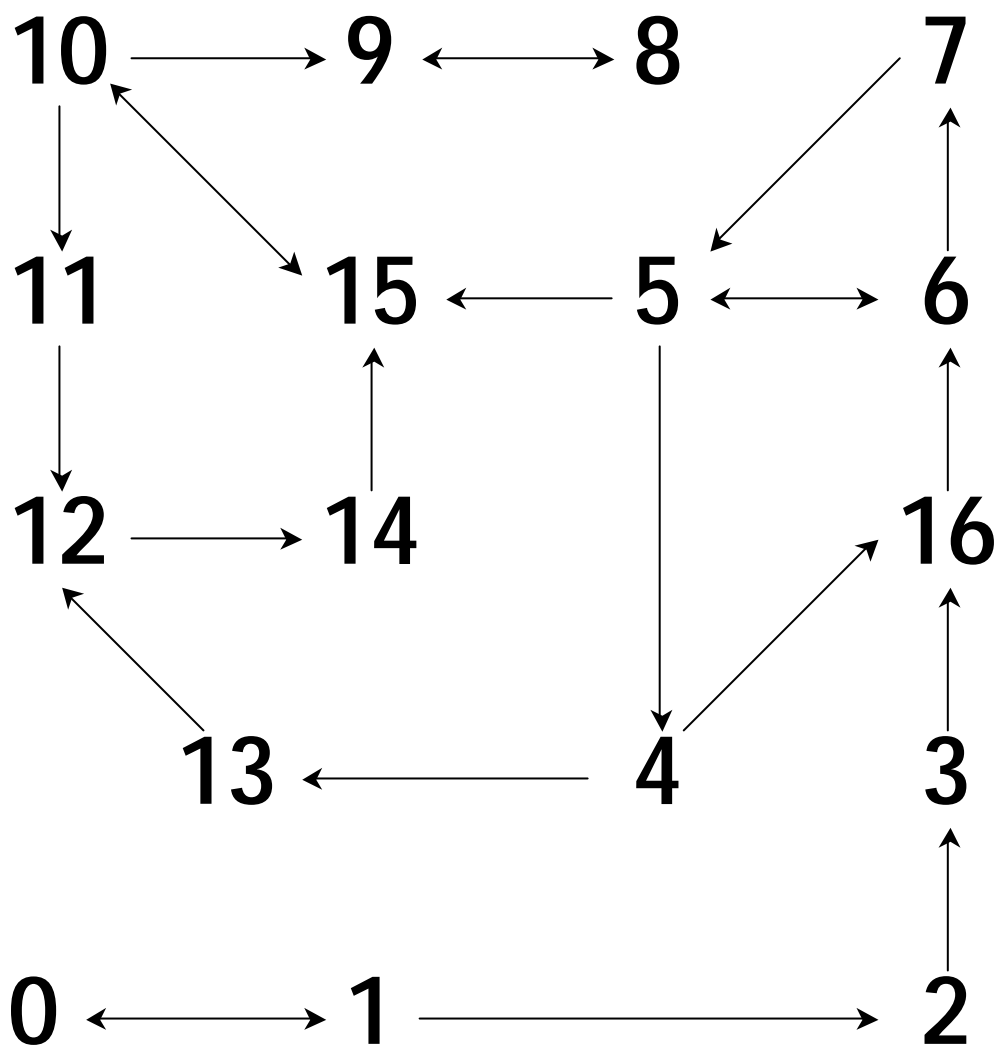
# High Risers?



Data from QED Actuarial.

## Markov Madness

At time 0 you start at state '0'. Each number denotes a state. Define  $X_i^k$  ( $i = 0, 1, 2, 3, \dots, 16$ ); ( $k = 0, 1, 2, 3, \dots$ ) as being in state  $i$  at time  $k$ .  $P(X_i^{k+1} | X_i^k) = 0$ . List all possible states that you could be in at time 23. The first correct answer (with proof) emailed to [actualite@mqassoc.org](mailto:actualite@mqassoc.org) wins an Assoc Voucher.



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