

The Life Table Myth

The Editor,
*The Journal of the Institute of
Actuaries Students' Society*

4 November 1946

Dear Sir,

In his reply to my letter on 'The Life Table Myth', Mr Haycocks suggests that in calculating premium rates the Actuary does have reference to past experience and that he is, therefore, making a 'forecast'. In one sense of the word 'forecast' this is true, but in that same sense it is equally true of every human activity, not excluding crystal gazing. There is nothing we do which is not related, consciously or sub-consciously, to our previous experience and it would clearly be foolish to suggest that the calculation of premium rates is an exception to the general rule.

But this was not the sense in which I used the word 'forecast'. I used it in the more limited sense in which it is usually employed in actuarial work, e.g. in the $a(m)$ and $a(f)$ tables. In this sense I suggest that the Actuary does not make forecasts when quoting premium rates for the very good reason that he is quite unable to do so; the Life Table technique does not provide him with any appropriate instrument. At the very least the use of Generation Mortality Tables would be necessary and this is hardly a practical proposition. Even if it were, it would still be of very doubtful value.

Yours faithfully,

42 Southwark Bridge Road
London, S.E. 1

N. E. COE

[The Editor will be glad to print letters from members of the Society which are concerned with subjects likely to be of general interest to actuaries.]