

Letters to the editor

Justice culture

Tony Silverman's article (*The Actuary*, September 2003) highlights the lack of evidence for some of the insinuations in the GIRO paper 'The cost of compensation culture'. As the article notes, these insinuations enjoyed enormous media coverage; this was partly because they were energetically promoted by the Faculty and Institute, by press releases, and other means. I agree with Tony Silverman's criticisms. Furthermore I am, broadly speaking, in favour of a 'justice culture,' and I deplore the Faculty and Institute's campaign against it.

Julian Lowe's response to the article states that the GIRO paper does not set out any 'view' or 'message'. This seems inconsistent with the paper, and also with the concluding sentence of the Faculty and Institute's accompanying press release, which reads: 'We believe that a more litigious society would be a bad thing....' He refers to 'silly or infamous compensation claims' cited in the paper, but the facts of one of those cases as described in Tony Silverman's article make me wonder about the fairness and accuracy of the other reports.

I have a number of further comments on the GIRO paper. We are told in the summary that the majority of 'the public' disapproves of changes in attitudes to compensation. However, on closer reading 'the public' turns out to be a few friends of general insurance actuaries. Did the working party consider the viewpoint of victims of serious accidents? If the working party asked only affluent comfortable people leading affluent comfortable lives, it would not be surprising if such people were very ignorant about the obstacles which face an injured person pursuing a justifiable claim for negligence.

In discussing an appropriate premium for after-the-event insurance, the paper incidentally notes that over 95% of bodily injury claims in the United Kingdom are in fact successful. This astonishingly high figure suggests that too few claims are pursued, not too many. The Tillinghast survey quoted in the paper suggests that in 1998 the United Kingdom had the lowest tort costs as a proportion of GDP in all the countries surveyed.

These figures are not consistent with the insinuation of an excess of frivolous claims.

The foreseeable effects of the Faculty and Institute's promotion of this paper are to make it less likely that people with justifiable claims for negligence will receive compensation, and to make it more likely that insurers can avoid paying such claims. This seems very similar to the Faculty and Institute's lobbying in relation to genetics and insurance, about which I have written in these pages (*The Actuary*, November 2000) and elsewhere. In both cases, actuaries appear solely concerned with the interests of insurance companies and fortunate people such as themselves, and hostile towards the interests of people who are less fortunate.

Some actuaries may not see it this way, but other audiences to whom I speak or write often do.

Guy Thomas
9 September 2003

201 vs 102

I am writing in respect of the article by Ming Wah Wong on 'steering us clear of the dark side'. My colleague has pointed out to me the instructions, as far as I can see, on how to prepare for a letter-writing exam and, in particular, 'Don't use the phrase "I hope". Always use "I trust" instead.'

In the real world, the phrase 'I hope' (for example, 'I hope the above is sufficient for your purposes') is communicating a degree of respect for the recipient's equal, or in some cases, superior, knowledge and understanding of the situation to which the letter is referring. The letter-writer is, therefore, saying that the content of the letter is aimed at providing the information or answers to the satisfaction of the recipient, but is not in a position to guarantee that what is being communicated is exactly what has been sought. It is a non-arrogant, diplomatically assertive use of the English language, in contrast to the words 'I trust'. 'I trust' indicates more than just a healthy confidence in the letter-writer's ability to provide the right information and correct answers; it projects an arrogance that can be avoided and should be avoided.

The key to successful letter-writing is to become the recipient of the letter and envisage the reaction to the words. If in doubt, pass the letter to a colleague and gauge their reaction and aim to ensure that the reaction coincides with the intended reaction.

Roger Mattingley
8 September 2003

An actuarial history

There are two points mentioned in Colin Stewart's preview of the book 'Mind over matter – an actuarial history' where I can provide some supplementary information.

The first relates to the Conservative Sir Keith Joseph's ill-fated legislation which was killed at birth by Labour when Edward Heath lost the crucial election.

In, I believe, 1963, when I had moved to Noble Lowndes, Sir Keith came to us and asked us to make recommendations which would transfer more of the coming pension burden to the private sector. I became responsible for the report and put forward a defined contribution scheme in lieu of the salary-related arrangement favoured by Labour. Inevitably the report was a long one, including suggestions that contributions to the main state scheme should be based on salary instead of the fixed amount then current. I also argued strongly that government should issue index-linked bonds. Most of my suggestions were contrary to what I understood was current Conservative thinking, and I thought it unlikely they would be accepted.

After some months Sir Keith called me to the Houses of Parliament to put some questions to me. When I arrived I found, to my surprise, a number of top Conservative MPs were there, including Margaret Thatcher. After the civilities Sir Keith turned to Margaret Thatcher, saying 'You have studied the report, Margaret, What have you to say?' I was shaken when she asked the four crucial questions and I did my best to reply. She then said 'Now we can go to Ted!' I was taken aback, first by her mastery of a very complicated subject – the interaction between state and occupational pensions – and secondly that no one else spoke!

It is interesting to speculate what might have happened if the very substantial funds subsequently becoming available had largely