

ERKKI PESONEN



Erkki Pesonen, PhD, honorary member of the Institute of Actuaries, former chairman of ASTIN, died 23 November 2006 in Portugal. He was born in Helsinki 10 December 1930.

Few persons manage to achieve such a prominent position and to be entrusted with so much at such a young age as Erkki Pesonen.

Erkki Pesonen took a degree in mathematics in 1953 and did his PhD dissertation in 1956 at the University of Helsinki.

While doing his military service in the mid-1950s Erkki Pesonen worked in the ballistics office of the Defence Staff, where he developed further the models for projectile trajectories of Rolf Nevanlinna and others. After having completed his studies Erkki

Pesonen entered the insurance sector as mathematician in the insurance company group Kansa in 1954, and he then changed in 1956 to the position of Director of the Statistical Centre of the Non-Life Insurance of Finland. During this time he developed considerably, for instance, the calculation and prognosis systems for motor liability insurance. This was his first example to utilize his outstanding mathematical skills to practical insurance applications.

In 1962 Erkki Pesonen became the chief of the insurance department of the Finnish Ministry of Social Affairs and Health (the body responsible for the insurance supervision and drafting legislation on both private and social insurance). This occurred in the midst of the most rapid period of construction in the history of the Finnish insurance sector. Mr Pesonen's predecessor as head of the insurance inspection was the legendary Teivo Pentikäinen, who at the time focused on the creation of the bases for the newly established Finnish statutory earnings-related pension scheme.

While Teivo Pentikäinen focused on earnings-related pensions, Erkki Pesonen assumed responsibility for the solvency supervision and the development of risk theory as basis for the supervision. The solvency supervision scheme

provided a case of practical application and an inspiration driving the development of ideas and methods. The cooperation of the duo Mr Pesonen and Mr Pentikäinen made Finnish risk theory and its practical applications well-known also worldwide. The most visible and well-known external sign of this cooperation is the famous book on risk theory: *Risk Theory*, where the third author was the well-known English actuary Bobby Beard. The first edition of the book was published in 1969 and the third in 1984. In the new version of the book published in 1994 Erkki Pesonen was replaced by his son Martti (and Mr Beard by Chris Daykin).

A quite new field opened up for Erkki Pesonen when he started as Managing Director of Kansa in 1973. The peaceful old insurance provider of the blue-collar workers changed into an international insurance and finance company group which had expanded in many directions. Erkki Pesonen retired from Kansa in 1987.

Erkki Pesonen was very active within ASTIN. He was for several years member of the ASTIN Committee and acted as its chairman in 1975-1976. He wrote a lot of articles to ASTIN Bulletin and to other actuarial journals. The subjects dealt with a variety of topics such as optimal reinsurance, approximation of generalized Poisson function, bonus-malus systems and solvency. His articles were usually fairly short and always concise showing an exceptional mathematical elegance.

Erkki Pesonen worked effortlessly within the community of insurance people, social insurance and mathematicians. He was able to discuss with almost everyone in the other person's mother tongue, as his language skills covered most of Western Europe and in addition Japanese. He had a tremendous sense of humour and was a great story teller. Erkki Pesonen was also a very skilled chess player and his hobbies also included music.

In addition to his numerous acquaintances in the world of actuaries Erkki Pesonen is mourned by his wife, four children and eight grand children.