



The Actuarial Employment Market Outside of North America

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The Actuarial Employment Market Outside of North America

- ◆ *Executive Search experience recruiting actuaries to global markets: Case Studies*
- ◆ *Regional market drivers and implications for employment demand.*
- ◆ *Functional/technical demand trends and implications for employment demand.*
- ◆ *Tips for positioning oneself for global job opportunities.*

Recruiting Case Studies

- ◆ *Recent Executive Search Case Studies:*
 - *Global European-based diversified Reinsurer sourcing U.S. for leadership amid reorganization.*
 - *Global European-based Financial Services Company sourcing U.S. Consulting Firms for Global Chief Actuary.*
 - *Global European-based insurer reorganizes, eliminates slated actuarial hires for Asia market.*

Markets and Opportunity

- I. *Market Development Continues. The degree to which carriers and/or consultancies place actuaries in or pull actuarial professionals out of international locations depends on market driven business trends.*



China: Hot Topic – Opportunity to follow

- *China joins World Trade Organization in 2001 leading to rapid market liberalization.*
- *A growing and enormous population requires more actuaries. Over a billion Chinese and only 120 “qualified actuaries”.*



Chinese Market Activity

- *AIG recently announced a partnership with People’s Insurance Company of China (PPIC) to develop the market for Accident & Health products.*
- *ING recently formed a partnership with Capital Group of Beijing to develop investment linked insurance products.*
- *MetLife formed a joint venture with the Beijing Capital International Airport (“Sino-U.S. MetLife Insurance) to offer individual life and investment products.*

Chinese Market Activity

Big Splash in the South China Sea:

- *China Life IPO (U.S. \$3.5 billion) in 2003
Precedent setting in its demand (oversubscribed by 25 times) and its utilization of embedded value reporting.
New North American entrants more likely to use embedded value – a skill to have for Chinese market.*
- *Ping An Life to go public. Already hired a Canadian Actuary.*

Chinese Market Activity

- *Many more entries and partnerships are in the pipeline for top markets, but also recently opened second tier markets including Guang Zhou, Chongqing, Nanjing.*
- *Culture & Language remain a major issue.*



India: Another buzz worthy market.

- *Open to private companies since 2001.*
- *Insurance market growing 10% annually.*
- *Reinsurers will enter this market.*
- *Very well educated populace, underdeveloped actuarial community.*
- *Actuarial Consulting firms looking at opening offices.*



South Korea

- *Insurance Insolvencies have driven a flight to quality to Western multinationals with strong balance sheet.*
- *The market embraced new U.S. style variable products (variable life, variable annuities) and whole life products geared toward affluent markets.*

Other Asia Markets: Stung by financial crisis, but recovering.

- *Thailand market has adopted U.K. style variable products limiting usefulness of N.A. actuaries.*
- *Singapore has adopted U.S. and U.K. style variable products. A preponderance of British and Australian actuaries present competition to N.A. actuaries in the employment market.*
- *The Philippines and Indonesia held promise as developing markets, but regulatory issues limit opportunity.*

Latin America

- *High Expectations defused by High Frustrations. Difficult, volatile economies, significant market exits, but opportunities remain.*
- *Low market penetration presents opportunity for insurers and actuaries.*

Argentina

- *Continues to suffer hangover from currency devaluation in 2001.*
- *Remains a huge market, difficult to ignore.*
- *Offshore activity may create “gray market” companies not domiciled in Argentina writing business in Argentina.*

Argentina regulatory issues

- *Government converted dollar denominated policies to pesos, damaging investor confidence.*
- *Rumors of deprivatization*
- *Some Argentina insurance business will move offshore to avoid government interference.*
- *Offshore activity may create “gray market” companies not domiciled in Argentina writing business in Argentina.*

Mexico

- *Very competitive, saturated market, but positive momentum*
- *Privatization of pension system and potentially of healthcare business will create market opportunities.*
- *Health insurance market is opening: Florida based AMEDEX Insurance Group will sell major medical in Mexico.*
- *Blue Cross Blue Shield has expressed desire to enter Mexican market.*

Brazil

- *Consolidated market and bank ownership equals less product innovation.*
- *Market remains regulated, but profile of actuary in insurance industry is on the rise.*
- *Robust health insurance market.*
- *Continued to talk of privatization of the pension and reinsurance markets.*
- *Privatization of IRB could open flood gates.*

Functional/technical demand trends

- *U.S. GAAP expertise still relevant, although most companies who needed to convert already have in international operations.*
- *Embedded value increasingly being utilized and promoted by significant international players (Tillinghast) in certain markets.*
- *More sophisticated financial modeling experiencing increasing demand in Asian markets.*
- *Knowledge of financial modeling tools will be an advantage for junior actuaries positioning for international opportunities.*

Functional/technical demand trends

- *In response to more intense risk requirements, companies are building stronger risk management capabilities domestically and internationally, thereby stretching actuarial resources.*
- *U.S./Canadian companies have stretched to manage Sarbanes/Oxley and risk management issues. This will require more actuarial perspective here and abroad.*
- *Most important functional areas in demand are breadth of experience, business skills, communication style and the “go to guy” mentality*

Positioning oneself for an international job

- *Join an insurance company with business outside North America, whether the job is global or not. Some companies are more interested in international leadership “cross pollination” than others.*
- *Furthermore, individuals need target insurance companies known to value the actuarial skill set that put actuaries in leadership positions. That kind of company is more likely to want actuaries on the ground in foreign countries.*
- *Learn a language. Language remains a very significant obstacle to success or enabler of success.*

Positioning oneself for an international job

- *Stay in contact with the international insurance community by:*
 - *Maintaining relationships with consultants, who have an insider view of business trends and company developments, particularly where needs are.*
 - *Stay abreast of market developments and company movement through media sources.*
- *An example: KPMG’s Hong-Kong based monthly online bulletin on the Asian market, Milliman’s Global Insurance Newsletter, or Tillinghast’s Emphasis reports*

Positioning oneself for an international job

- *Expect opportunity in unexpected places. For example:*
 - *Pfizer recently hired an ASA for its Bombay India operation.*
 - *Ford Motor Company staffing pension actuaries in its London operation.*
 - *In the Middle East, the government of Bahrain is trying to position the country as a preferred insurance zone by offering firms incentives to locate there.*

Actuarial Employment Opportunities in Asia

Paul Barber
San Antonio, TX
15 June 2004

Agenda

- Sources of Information
 - Companies
 - Candidates
 - Recruitment Process
 - Remuneration
 - Trends
 - Country by Country
- Summary

Sources of Information

- Personal Experience
 - 6 ½ Years in Asia
 - Recently made redundant
 - Looking for work!
 - Setting up own business in Hong Kong – Lotus Financial
 - Email: Paul.Barber@LotusFinancialHK.com
 - Website: www.LotusFinancialHK.com

Sources of Information

- DARWIN RHODES
 - Hong Kong Office
 - Alan Mackay, Managing Director, Asia Pacific
 - Email: Alan@DarwinRhodes.com.hk
 - Website: www.darwinrhodes.com
- GAAPS
 - UK Office
 - Dr Geraldine Kaye, FIA
 - Email: info@gaaps
 - Website: www.gaaps.com

Life Companies

- Generally current expansion
- Some companies contracting (Europe based companies)
- Others expanding (US based companies)
 - Regional SWAT teams
 - In response to legislation
 - Expansion in new markets (e.g. India)

Consulting Firms Suffering

- Difficult times over past 5 year
- Traditional insurance company clients placing less work
 - Budget constraints
 - In-house
- Some models work – low cost consulting using local staff in cheaper countries
- Service reinsurers in similar position – rate squeeze

Property & Casualty

- Recent increase in demand
 - Last few months
 - Regulation changes (sign off in Singapore, Hong Kong, China)

Returners

- Easiest to place
 - Language
 - Cultural awareness
 - Contacts in Asia
 - Family in Asia
 - Fewer partner problems
 - Lower risk for employer

Expatriate Candidate Shortages

- 15 to 20 years experience
- Worked in mature markets
- Energetic
- Long standing interest in Asia – shows commitment
- Wanting more senior positions (Chief Actuary / CFO roles)
- Wanting better prospects
- International Accounting Standards / US GAAP experience
- Commercially aware
- A communicator (with non-actuaries)
- Prophet experience (but must be recent)
- Language (or proven ability)
- Partner committed

Candidate Oversupply

- New graduates / junior roles
 - New university courses in actuarial science
 - 300 starting Actuarial Science at City University alone
 - Many Actuarial Science undergraduate courses filled by Asian students
 - Companies prefer candidates with a few years experience
- “Old men of insurance”
 - Close to retirement
 - Many years of experience
 - Very senior positions
 - Wanting advisory role in developing markets
 - Expecting huge remuneration package

Candidate Oversupply

- Part Qualified
 - FSA/FIA/FIAA qualification highly respected
 - Part qualified has less recognition
 - May be regarded as non-finisher if taking a long time

Candidate Competition

- Locals
 - Well qualified
 - Culturally aware
 - Languages
 - Lower remuneration expectation
- Other nationalities
 - Similar skill sets
 - North Americans and British expensive
 - Canadians and Australians cheaper

Recruitment process

- Few “look-see” visits
 - No more free holidays
 - Best strategy is to book the trip and request interviews
 - shows commitment

Remuneration

- Three types
 - Full expatriate – all the benefits
 - salary, housing, club, school fees, car, utilities, home leave etc.
 - International Staff – salary plus housing
 - Local staff – sometimes largest salaries but few fringe benefits

Remuneration

- Trend towards local packages, or International Staff packages – full expatriate becoming rarer
- Total package basis – salary plus housing combined, what is not spent on housing goes into salary
- Packages tending towards same level – locals increasing, expatriates reducing

Trends

- Overall demand increased
- Demand for expatriates reduced
- Economy related
- Perfect fit – would prefer to wait than to recruit less than perfect fit
- Locals becoming better placed to take on roles
- Must want to come to Asia, not just be willing to come
- Returners often succeed

By Country

- Hong Kong
 - Senior positions only
 - 6 years + PQE
- China

By Country

- Philippines, Indonesia, Thailand, Vietnam
 - Small markets
 - Only 2 or 3 expatriate actuaries per market
 - Cost restrictions
 - May be future demand for more foreign talent in Thailand & Vietnam

By Country

■ India

- Recently many appointed actuary roles
- Other roles less common
- Many new start ups
- Some restriction by local partners – they have the major share in the business
- Perceptions
- Government position on insurance industry unclear, so reducing recruitment

By Country

■ Taiwan

- FSA level most required
- Legislation more complex
- More recognition of FSA qualification
- Few locals qualified

By Country

- Japan / Korea
 - Difficult place to work (culture, language)
 - Difficult place to live (partner problems)
 - Some roles may challenge professional obligations
 - Japan - has cyclical expatriate employment opportunities
 - Korea – hierarchical structure

By Country

- Malaysia
 - Good source for local talent
 - Very few expatriates
 - Not willing to pay high salary levels
- Singapore
 - Tiny market
 - Number of employers reducing
 - Soft posting – lots of supply
 - Perceived to be cheap

By Country

- **Australia**
 - Many qualified locals
 - Remuneration lower
 - Income tax high (49%)
 - Current demand for actuaries for P&C roles
- **Middle East**
 - Much recent expansion
 - Regional Actuary and Chief Actuary roles

Summary

- Some opportunities, but not as many as in the past
- Candidates need to be a perfect fit
- Employers very demanding in requirements
- Senior positions most available
- Must want to come to Asia
- Fewer expatriate packages – more localized remuneration
- IAS / GAAP experience much in demand

Thanks to:

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