



SOCIETY OF ACTUARIES

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It's an International Life

WHETHER YOU TRAVEL THE WORLD, OR NEVER LEAVE THE BORDERS OF YOUR HOME COUNTRY, YOU ARE AFFECTED BY GLOBAL ORGANIZATIONS, INTERNATIONAL REQUIREMENTS, AND THE INCREASINGLY INTERNATIONAL NATURE OF THE PROFESSION ITSELF. **BY DARRYL WAGNER**

WHERE IT ALL BEGAN

Perhaps surprising for a boy from Omaha, I have had the privilege of working internationally for much of my career. In my 25-plus years as a consultant, my professional travels have taken me to six continents and given me tremendous experiences both in terms of addressing international business challenges as well as getting to know interesting people and parts of the world. My international interests have carried over into my volunteer activities with both the Society of Actuaries (SOA) and the International Actuarial Association (IAA). I led the task force that developed the SOA's international strategy and served as the first chair of the SOA's International Committee. I currently serve as the vice chair of the IAA's Advice and Assistance Committee and as chair of the IAA Asia Subcommittee, where

my primary focus has been on helping developing actuarial associations across Asia.

OK, so I'm an international guy. But that's not really the point of this article. The point is that, as actuaries, we are all international to some degree. Whether you travel the world, or never leave the borders of your home country, you are affected by global organizations, international requirements, and the increasingly international nature of the profession itself. We have a tendency to think of things international as things that are "far away." While that is true, it is incomplete. Those things "far away" affect our work and lives at home and abroad in profound ways.

I am often asked by SOA members and others about the reasons for and the importance of the SOA's international

strategy. As I'm sure you've heard before, the SOA is truly an international organization. With members around the world, international activity runs throughout the SOA's core missions of education, research and member service. Just as important in my mind, however, is the SOA's support of ALL our members to help equip them for working in an increasingly international environment.

To help make my point, I call on one of my favorite holiday films, "It's a Wonderful Life." After George Bailey is granted his wish of never having been born, he learns just how much of an impact he has made on his world and the people in it. Not to overdo the metaphor, I believe the analogy can be made to actuaries with respect to international influence and impact. While we might like to think that international issues don't have

much bearing on our lives, I believe that if we were granted the wish of “never having been international at all,” you would be sorely surprised and disappointed with the result. While I don’t have the powers of Clarence to grant that wish (nor would I want to), I can show you how international matters permeate the life of this U.S.-based actuary, even when I’m not traveling in some faraway place.

What follows are excerpts from a typical week in my calendar—and this is a week where I stay home. Showing you a week when I travel internationally would have been too easy!



MONDAY 8 A.M.—PREP CALL FOR IFRS SEMINAR

The week starts early so I can join a call with a team of presenters, including two based in Hong Kong. Together, we form the panel for an International Financial Reporting Standards (IFRS) seminar that has been held each year in Hong Kong for several years running. The seminar is co-sponsored by the SOA, the SOA International Section and the SOA Financial Reporting Section. IFRS is a great example of a global framework that affects SOA members around the world.

In the United States, the Financial Accounting Standards Board (FASB) has moved away from convergence with IFRS, but many U.S. companies with non-U.S. parents or non-U.S. subsidiaries will need to implement IFRS.

What’s more, even companies who do not have to implement IFRS may be affected by the change in the competitive landscape that occurs as much of the rest of the world shifts to this new accounting framework. For these reasons, many U.S. actuaries are involved in the development of IFRS: providing comments on proposed standards, evaluating their potential impact, understanding the differences in products and accounting impacts around the world, and suggesting

alternative solutions for challenging areas such as participating business. The SOA is even sponsoring the development of a textbook focused on the new insurance IFRS.

Of course, our non-U.S. members are even more directly affected by IFRS, since most jurisdictions outside the United States plan to adopt IFRS or something close to it going forward. Another point of international connection among our members is the presence of U.S. GAAP filers outside the United States. In fact, the Hong Kong IFRS seminar began as a seminar on U.S. GAAP to benefit actuaries in the greater China region working with U.S. GAAP.



TUESDAY 9 P.M.—MEETING WITH CLIENT—ASIA CHIEF ACTUARY

Many actuarial employers do business internationally. This is certainly the case with my own firm, as well as with the client I’m meeting with by phone this evening. My client has insurance operations around the world, and its Asia chief actuary, whom I’m speaking with, worked for many years in the United States before taking an assignment abroad. Expatriate assignments are one of the most tangible ways to work internationally. Many SOA members take on such assignments, and I regularly hear from expats how rich and rewarding their experiences are.

As we talk, I realize how much commonality there is between the challenges faced by actuaries in Asia and those we face in the United States, Canada, or elsewhere in the world. My client is a U.S. GAAP filer, so there is plenty to talk about on that subject. Like most insurers today, regulation is a key priority and concern. In particular, the development of international capital standards by the International Association of Insurance Supervisors is top of mind.

Environmental issues like low interest rates and longevity patterns strike a familiar tone as well. From an operational perspective, technology platforms are also increasingly being harmonized across international borders, as are efforts to transform or modernize actuarial functions. It’s a reminder that we have much to learn from each other and that exchanging knowledge internationally is essential to tapping into the best and brightest thinking in today’s global business environment.



WEDNESDAY 9 A.M.—STATUS MEETING WITH OUR INDIA TEAM

Like a growing number of actuarial employers today, my firm has established an actuarial practice in India, referred to as USI. Our USI actuarial team is engaged in the same types of activity as its U.S.-based colleagues: studying for and taking actuarial exams, working on client assignments, and performing research and other projects to support the development of the practice. I have had the opportunity to visit our Hyderabad office on four occasions and have been impressed with the talent, work ethic and enthusiasm of our team there. Several of our USI practitioners have also worked on projects in the United States, lending much-needed experience on client engagements.

There are a large number of actuarial students in India, most of whom are pursuing actuarial credentials with the U.K. Institute and Faculty of Actuaries. As more and more international insurers and consultants set up actuarial teams in India, there is a growing need for training on topics such as U.S. valuation, accounting and capital standards. It’s also increasingly important that teams with members located in different parts of the world learn to work together effectively. Communication is key to success



for international teams. From being sensitive to cultural and time zone differences, to communicating clearly and frequently enough to make sure all team members are on the same page, the communication and management skills developed in this environment benefit all involved.

“Offshoring” can be a controversial topic, but I believe it to be a natural extension of globalization. While there is an element of cost arbitrage to setting up shop in a lower-cost area such as India, more important is the “talent arbitrage” gained by accessing an available pool of talent that would be otherwise inaccessible. And, personally, I

the actuarial profession globally. I and many other SOA volunteers actively participate in the IAA by staffing and leading IAA committees, subcommittees and sections, and by participating in IAA events such as the International Congress of Actuaries, regional outreach events, and communication with other supranational organizations.

The Asia Subcommittee reports to the Advice and Assistance Committee of the IAA and is tasked with facilitating the support and development of actuarial associations across Asia. As a recent example, the Institute of Actuaries of Korea (IAK) became a

The efforts I’m describing bring together actuaries from around the world to volunteer their time and expertise to make a difference. I have worked with actuaries from the United States, U.K., Canada, Australia, France, Belgium, Hong Kong, Taiwan, Singapore, China, India and Japan, just to name a few. And our volunteer ranks cut across the actuarial disciplines of life, property-casualty, health and retirement. In many cases, companies with operations in a given country have gotten involved given their familiarity with the location and vested interest in building a strong local actuarial community. Actuaries Without Borders (AWB) is a section of the IAA dedicated to organizing actuarial volunteers to go “on the ground” and deliver value-added projects such as educational seminars. The IAA is also increasingly looking to work with supranational organizations who have a strong interest in developing the actuarial profession around the world.

Our actuaries spend anywhere from a few weeks to a few years in another part of the world, learning about how things are done elsewhere and exporting knowledge and experience from their home country.

have found the concerns typically expressed around impact on jobs and career paths in the “onshore” location to be unfounded. Our India team has been an important complement to our U.S. team, with both practices adding and promoting practitioners in concerted fashion.



THURSDAY 7 A.M.—IAA ASIA SUBCOMMITTEE CONFERENCE CALL

As I mentioned earlier, I chair the Asia Subcommittee of the IAA. With most of the members of the subcommittee residing in Asia, we typically have our phone meetings at an early U.S. hour, which also allows for IAA volunteers in Europe to join. Stepping back for a moment, the IAA is a global “association of associations” with membership comprised of actuarial associations around the world, including the SOA. The IAA promotes and supports

full member of the IAA in 2013. I had the opportunity, along with a dedicated group of IAA volunteers, to help the IAK complete the steps necessary to make this happen. Sri Lanka has a growing actuarial association and is an associate member of the IAA. The IAA and the Asia Subcommittee are working with the actuaries in Sri Lanka to put on educational events and help them work toward becoming a more independent and mature actuarial association. As a final example, Vietnam does not now have a formal actuarial association, one of the first requirements for IAA membership. We are working with the Vietnamese actuaries and the IAA to help them get the necessary structure in place to make IAA membership possible. While IAA membership in and of itself is not the goal, it’s a great measuring stick for the progress and development of the actuarial associations in the region.



FRIDAY 10:30 A.M.—SECONDMENT OPPORTUNITY DISCUSSION

We talked about expat opportunities earlier. Secondments are short- and long-term assignments from part of a company or firm to another, most often cross-border arrangements. Secondments have served my firm as a great way to give our professionals growth experiences and even out the supply and demand for resources at the same time. Our actuaries spend anywhere from a few weeks to a few years in another part of the world, learning about how things are done elsewhere and exporting knowledge and experience from their home country. Colleagues in the “receiving” country also benefit from working with someone with a different background, training and perspectives.

A related topic is cross-border education. Many international students enroll in actuarial



Challenges and Rewards

READ OTHER INTERNATIONAL PROFILES of actuaries in the article, “What Does It Mean To Work Around The World” on page 22.

programs at universities in the United States and Canada. After graduation, some take up employment in North America, while others return to their home country or elsewhere to pursue an actuarial career. Thus the impact of international relationships and perspectives can be felt even in the formative years of one’s actuarial education.

So there you have it—a sampling of the international activity in one U.S.-based actuary’s weekly schedule. Accepting my hypothesis that we are all international actuaries, what is your international profile? Working as part of an international team or with an international branch of your employer, dealing with international standards or regulatory requirements, volunteering with the IAA, a secondment or expat role, pursuing or facilitating cross-border education? I encourage you to think about it.

As one of my colleagues used to ask: “What is the ‘so what’ of this discussion?” Let me be clear about what it is not. It is not that international matters should be the only or even primary focus of the SOA or the actuarial profession. To the contrary, I think it’s critical that we keep focus on our core missions. However, I do believe that international implications run through just about everything we do, including our core missions. I hear from SOA members that we need to keep focus on “bread and butter” issues of our profession, and not get too caught up in “expanding our boundaries.” With those thoughts in mind, my takeaways from this international discussion are threefold:

1. In our increasingly global world, “bread and butter” cannot be separated from international. International connections and influences run throughout. So rather than try to view the two separately, I believe we should embrace the international aspects of “bread and butter” initiatives to make our approaches and solutions stronger by encompassing a broader constituency of membership and more multifaceted experience and perspectives.
2. With regard to international activity, I encourage our members to shift their mindset from one of “expanding boundaries” to one of “keeping up with shifting boundaries.” The reality is that the boundaries of our businesses, requirements, and our profession itself are shifting to be more international. To sustain and increase the value and reputation of our profession and our actuarial credentials, we need to keep up with and stay relevant amid these shifts.
3. Although this article has been written for SOA members, the topic transcends the SOA. Some of my most rewarding professional experiences have involved collaboration with members of other actuarial organizations. To most effectively tackle many of the issues we face as a profession, we must harness the power that comes from working together across the profession. Global challenges demand global solutions. Of course, as the boundaries of our profession have shifted, so too have the boundaries among actuarial

associations. Speaking to the U.S.-based organizations in particular, we are spending too much time and energy on boundary disputes, to the detriment of finding ways to work together for the good of the profession. I encourage all the U.S.-based organizations to heed this message and chart a different path going forward.

I expect that this article may provoke some discussion and different points of view. I welcome hearing from you and also ask that you share your international and “inter-actuarial organization” profiles. I look forward to featuring more such profiles in future editions of *The Actuary*. And perhaps next time you walk down your town’s Main Street or your place of business’s main hallway, you will echo George Bailey’s sentiment and reflect upon the fact that “it’s an international life!” **A**

Darryl Wagner, FSA, MAAA, is principal at Deloitte Consulting LLP in Hartford, Connecticut. He is also a vice president of the SOA Board of Directors. Wagner can be reached at dawagner@deloitte.com.

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