



SOCIETY OF ACTUARIES

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## Questions from Hong Kong Abound on New PD Systems

by Patrick Cichy  
Coordinator of Asian Services

Will the SOA offer more seminars in Asia that will qualify for professional development credit? What if I cannot fulfill the PD plan within the specified two-year period? These were just some of the questions answered at the SOA Professional Development Requirements meeting held in Hong Kong on April 14, 1999.

Former founding member of the China Region Committee and current member of the Professional Development Committee, August Chow, answered questions on the new PD system from over 70 students and members including FSAs planning to be advisors. Marta Holmberg, SOA

(continued on page 3, column 1)

## A Social Security System for the 21st Century—Part One

by Chiu-Cheng Chang & Geraldine Chen

Editor's Note: The rest of this paper will be published in the next issue of "International Section News."

The financing of social security programs has been the subject of many studies in the social security literature. Much of the debate has focused on the relative advantages and drawbacks of pay-as-you-go and full funding, on the viability of public and/or occupational pensions as compared with personal saving schemes. In advocating one method of funding over another, many have based their arguments on past experience and projected demographic changes. No system, however, exists in a vacuum, and insufficient attention has been given to the broader international, social, political, cultural and economic trends that will govern the viability and sustainability of a social security system in the 21st century.

Section II of this paper reviews the major trends of the 21st century. Section III will focus on the drawbacks of the pay-as-you-go system of social security funding, particularly in the light of these trends. In Section IV, the key characteristics of the ideal social security system in the 21st century will be discussed. The Singapore social security system will be used as an example, as it has many of the attributes of the ideal

(continued on page 4, column 1)

### In This Issue

page	page	page
Questions from Hong Kong Abound on New PD Systems by Patrick Cichy .....1	The Euro Will Eventually Lead to Global Instability by Nino Boezio .....11	Promoting Actuarial Education Across Asia by Patrick Cichy .....22
A Social Security System for the 21st Century, Part One by Chiu-Chang & Geraldine Chen .....1	The Clearinghouse Scholarship Program by Angelica Michail .....12	Cairo University Actuarial Graduation by Michael Hubbart.....23
Editor's Notes by Kevin M. Law.....2	"Wing Walking" in Russia by Mark D. Mariska .....13	Announcement of Actuarial Meeting in Bogota, Colombia .....24
Ambassador Program Update: Country Web Pages Take Shape by Jim Toole.....7	New SOA Professional Development (PD) Requirement for Candidates Working Toward Fellowship in 2000 by August Chow .....16	China Region Committee Is Right on Track by Patrick Cichy .....25
Valuation of Cross Border Insurance Ventures by Ken Mungan .....8	Impressions of a U.S. Health Actuary Working in Brazil by Ronald Poon-Affat.....18	April 5 ISC Meeting Minutes .....27
	Buenos Aires Seminar a Rousing Success by Ed Robbins .....20	

pertinent data and information about other countries.

One aspect of actuarial involvement in the international financial services sector that differs from purely domestic actuarial roles is the requirement to periodically work with distinct currencies and to address financial issues that require currency conversions. Ken Mungan's insightful article "Valuation of Cross Border Insurance Ventures" presents, by way of a numerical example, the importance of properly matching currencies and discount rate assumptions in the process of computing actuarial present values.

Ronald Poon-Affat, also currently a Section Council member, continues his series of articles on Brazil (see page 18). Ronald presents the results of an interview with Stefan Keene, who is currently with CIGNA's Brazilian operations in the health field after working in the United States for a number of years. This article will be of interest to actuaries who have either previously worked overseas or are contemplating doing so in the future.

"Wing Walking in Russia" by Mark Mariska on page 13 presents a comprehensive overview of the private insurance industry in Russia during the decade of the '90s. The industry has grown rapidly in a period of significant political change and economic turmoil, having to adapt rapidly and face many challenges. I am confident that many of our members will find this article to be

interesting and informative reading.

One of our fellow SOA Sections, the Financial Reporting Section, sponsored a successful seminar last August in Buenos Aires, Argentina. A summary of this seminar, provided by Ed Robbins, is included in this issue. Incidentally, the International Section Council is considering the possibility of sponsoring a seminar in conjunction with the SOA annual meeting, as reported in the minutes of the 4/5/99 Section Council meeting published in this newsletter.

We have also taken the liberty, with permission of course, to borrow material from another SOA Section, the Investment Section. Nino Boezio presents in "The Euro Will Eventually Lead to Global Instability" a series of thought provoking analyses and conclusions.

The new SOA exam structure that will be implemented next January features a Professional Development (PD) component that is the final hurdle to be cleared in order to receive an invitation to attend the Fellowship Admission Course and acquire the FSA designation. The requirements and process for completing the PD plan are succinctly summarized in the article contributed by August Chow. According to my understanding, the PD aspect of the new SOA exam structure is advantageous for actuarial students working outside Canada and the United States, as it may be tailored to reflect the countries in which they work. Much of the detailed U.S. and Canadian exam material

that such students have previously been required to learn has not been relevant to their environment.

Angelica Michail is currently serving double duty as a member of both the International Section Council and the SOA Committee on International Issues (CII). Her "Clearinghouse Scholarship Program" article describes an initiative of the CII to assist students in low-income countries with the expenses associated with SOA exams.

The number of actuarial educational programs outside of North America has grown significantly in recent years. Michael Hubbart informs us in his article on page 23 of a program at Cairo University in Egypt that has just produced its first graduating class.

Finally, Patrick Cichy, SOA Coordinator of Asian Services based in Hong Kong, provides an update on two recent activities of the China Region Committee (CRC): the establishment of SOA Reference Centers at various universities and the results of a recent CRC membership survey.

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## Questions from Hong Kong Abound on New PD Systems

*continued from page 1*

managing director of core studies and global initiatives, participated by phone to help answer questions on the spot.

Mr. Chow also met with the China Region Committee and members of the Southeast Asia Committee by conference call to discuss ways in which they can provide seminars in their respective regions to qualify for the professional development credit. Mo Chambers, director of SOA International Affairs, has

requested the SOA Board of Governors provide financial support for the presentation of professional actuarial educational programs outside North America that will count toward the PD requirement. The Board is sensitive to the appropriateness of this kind of support. Watch for announcements later in the year of PD programs slated to be presented in areas outside North America, particularly in the Asia region.

If you have any questions or comments on the PD program, you can contact the Professional Development Committee at ([pdcomments@soa.org](mailto:pdcomments@soa.org)).

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