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The Panamerican Congress of Actuaries in Bogota, Colombia

by Robert L. Brown

The Third Panamerican Congress of Actuaries was held in Bogota, Colombia, September 30 and October 1, 1999. This is a forum for actuaries from Latin America. The Congress was well attended by 200 actuaries, mostly from South America, but also from Mexico, Spain, the United States and Canada.

The topic for the Congress was "Social Security Reform in Latin America." This includes both classical social security (akin to OASDI) and government-sponsored health care.

Thus, most of the sessions were used to review, country by country, reforms that have taken place in social security and health care.

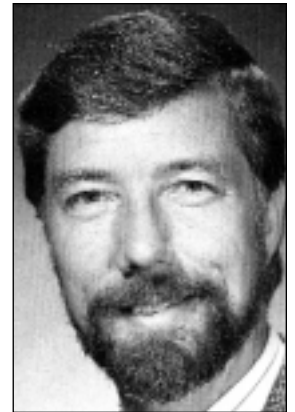
The Congress had three working languages: Spanish, Portuguese, and English. Unfortunately, the translation

pay. The best hospitals and doctors seem to be in the user-pay tier.

These new systems have not been without their problems. The private sector service needed to support the systems is expensive. This results in non-participation (non-compliance) by many workers, especially the poor (for whom social security is meant). Thus, the reality is that Latin America is a two-tiered society. The small, but very well-educated and wealthy upper class, are able to get the benefits they need with or without government systems and are doing quite nicely in the privatized world. The poorly educated and poverty-ridden lower class cannot afford the new premiums and contributions and are basically falling through the cracks.

Obviously, part of the problem is money (or wealth). These are not rich

There are huge opportunities in Latin America for a bright, young (or even not-so-young) person. The people you will work with are highly educated, almost



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always speak English, and are extremely appreciative of new ideas and methods. They love their homelands and want to see a better future for the next generations — and for all people, not just those wealthy enough to afford private sector services.

There are also business opportunities in Latin America for companies that can provide the service support infrastructure that is needed. There are business profits to be made, although it would be refreshing if this were not the motivating factor.

In summary, the Congress was a wonderful opportunity for me. It was well-organized (mainly by Victor Sanchez, President of the Colombian Actuarial Society) and I met some great people. On a personal level, I hope that I will have other opportunities to return to Latin America to assist in their development and growth.

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service did not appear for the first day of the Congress, so for unilingual members of the audience (like me), the first day was a bit of a blur.

However, suffice it to say, a strong shift has occurred in all of Latin America toward a privatization of social security and health care provisions. Social security systems have generally gone from pay-as-you-go defined-benefit schemes to some form of defined-contribution systems, usually similar to the individual accounts system first introduced in Chile in 1981.

Health care is now two-tiered. A very basic provision of care is free to the user, and then usually, a second tier is user-

countries, although there are rich people in each of them. The problem is mostly service infrastructure. Insurance and annuities in the United States and Canada can be purchased at much lower expense ratios than in these developing nations, because we have the programs and the infrastructure to make them work. And this is what is sorely needed in Latin America.

Two hundred actuaries attended the Congress. But, in a very real sense, this is a measurable proportion of the entire actuarial profession in Latin America. They need more actuaries. They need more programmers. They need more insurance managers, and the list goes on.