



SOCIETY OF ACTUARIES

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data capture to include more detail, which is essential for the evolution of the health insurance in Panama.

- Provider contracting with the physicians one by one to set service fees to maintain a PPO.
- Retrospective auditing of select high volume carriers to look for “best practices” and trending of claims for utilization.
- Have a claims expert to review the claims, which contributes to the effective claims control on local claims.
- Focus on medical management from the perspective of the individual patient.

There is an increasing need of managed care since the current Panamanian economy has encouraged the use of government medical services instead of private medicine. There is an area of opportunity for the insurance industry since the low-to-middle class population need quality medical care and the government does not have the capabilities to supply the medical services they require.

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We are at the edge of a change in the healthcare insurance, which is developing towards a population focused and based on statistics to improve underwriting. Establishment of management solutions such as gatekeeper models, contract relationships where providers give more formal feedback on claims trends. Access to network providers are encouraged through incentives to high-quality facilities instead of enforcing penalties for not using in-network providers. We are also working with the government medical services to provide quality health care to the population, especially on the catastrophic diagnoses affected to the population as a whole. There are cancer foundations that work with the Panamanian Government to provide health care to the afflicted population. The insurance industry should take a major role on the health care focusing on the population and not on individual cases. □

An Update on Taiwan’s Insurance and Actuary Community

by Won Low Ho

The 2002/2003 year has been exciting for Taiwan’s insurance industry. Though this is due, in part, to both the slowdown of the global economy and the host of difficulties within the country, there are also external factors contributing to the transformation of the industry. Below are a few issues that need to be addressed.

Confronting the globally persistent, low-interest environment has become one of the top priorities for Taiwan’s life insurance industry. The mismatch between assets and liabilities is caused by different factors, including the shortage of reasonable domestic long-term bonds. The recent liberation of foreign investment restrictions may aid the situation.

The passage of the Financial Holding Company Act in 2001 has essentially torn down the barriers in the financial services industry, mainly involving the banks, the

insurance companies and the security firms in Taiwan. Merger and acquisition activities have been frequent during the past two years. The search for alternative distributions is gaining popularity. The launch of investment-linked products in 2002 created some opportunities for the life insurance industry, but further complicated the financial services environment.

Taiwan’s insurance solvency standard requirements will be replaced by a Risk-Based Capital (RBC) system by the end of 2003. The structure of this system basically follows the U.S. model, with Taiwan-specific considerations included. This system is a more applicable regulatory tool and will hopefully drive individual companies towards a more prudent management focus as they strive to avoid regulatory intervention.

An appointed actuary (AA) system was introduced and will become effective by the end of 2003. This role applies to both life and non-life insurance companies. The AA within each company is ultimately responsible for maintaining reserve adequacy, performing financial analysis, reporting findings to the regulator's office and ensuring the fair treatment of participating policyholders. This new system has been criticized as being too ambitious to be feasible.

The insurance accounting system has also been under review recently. Currently, statutory accounting is the only system used in Taiwan for insurance regulators, local investors and tax-reporting purposes. The debate between a more U.S. GAAP and a more IASB standard has

been widely discussed, and no final decision is expected anytime soon.

In view of all these events, actuaries in Taiwan have been heavily involved in different areas as major participants. The local actuarial professional body, the Actuarial Institute of the Republic of China (AIRC, where SOA members are a dominant constituent), has an increasingly direct involvement in areas such as the AA system. The SOA members have always been major contributors to local educational and professional development. Thank you, SOA!

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Meeting Minutes of the International Section Council

September 16, 2003

1. Roll Call

Rejean Besner, August Chow, Michael Enright, Shumei Kuo, Paul Sauve, Yiji Starr, Shyamal Kumar, Mike Kaster, Emily Kessler, Lois Chinnock and Martha Sikaras of the SOA.

2. Best Practice

More frequent calls. We agreed on eight meetings annually four quarterly meetings, which will include the one at the annual meeting. These will be long meetings. In addition, we'll have four shorter meetings in between to stay in touch. We will contact the new members to get their opinion

Lois brought up the fact that due to the ties in this year's section council election, we will have 10 council members for the next three years and then revert back to nine members. This change will appear in

the SOA's Board of Governor's consent agenda in October for approval.

Meeting minutes. We will try to distribute the minutes within one week.

Job descriptions. We want to develop job descriptions by function, such as regional coordinator, Web site coordinator, society meeting coordinator, etc. We also want to rewrite our mission statement and vision statement, which are 11 years old. To help us out, Lois will bring some statements from other sections to the annual meeting, where we will draft new vision and mission statements.

August mentioned that the U.K. Institute has someone in Asia that students can go to for help with such things as where to send exam applications, what form of payments they can make or with questions about the exam process in general. It was later pointed out that the individual in question is a member and not a paid IA staff member.

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