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## A Flourishing Career on the Island of Aphrodite

By Nicholas Kallis

**W**ould you consider working as an actuary on the island where the mythological Greek Goddess of beauty and love was born? Cyprus is a relatively small island but it is the third largest island in the Mediterranean. It is almost the same size as the state of Connecticut in the United States, with a population of about 800,000. Cyprus has an open, free market, services based economy. Its business environment reflects both the past and the future. From an agricultural and merchant based economy, Cyprus has evolved into a dynamic export oriented country, a major leisure and tourist location and an important international business, financial services, and investment fund center. Its accession as a full member to the European Union as of May, 2004 has been an important milestone in its recent economic development.

Cyprus is classified among the high income countries in the region and worldwide. The island has had a record of successful economic performance. It has a standard of living that is higher than some other European Union member countries and the performance of the economy compares favorably with that of most other EU countries. Cyprus holds 16th place worldwide in terms of per capita income.<sup>1</sup> The success of Cyprus in the economic sphere is attributed, among other things, to the adoption of a market oriented economic system, the pursuance of sound macroeconomic policies by the government, as well as the existence of a dynamic and flexible entrepreneurship and a highly educated labor force. The economy benefits from the close cooperation between the public sector and the social partners.

Believe it or not, the actuarial profession does exist! Since the early 1990s, that is. Prior to that, none of the local insurance companies had an

internal actuary, and insurance companies and pension funds basically contracted any actuarial related work to foreign based consulting firms. Since the 1990s, the actuarial profession in Cyprus has been growing but it has not reached its highest point as of yet. All major insurance companies have internal actuaries on staff, and most pension funds maintain local actuarial services. While actuaries are still few in number, for a country of 800,000 inhabitants, the growth potential is tremendous.

Several major, internationally recognized consulting firms have set up offices in Cyprus to take advantage of the growing business opportunity that exists. Private sector companies as well as government programs like the Pension and Social Security System are more in need of actuarial services than ever before. They are realizing that there is no such thing as an easy answer to complicated financial questions. They are starting to see the value of actuarial services. Actuaries are providing deeper knowledge and tools to take control and manage demanding financial challenges and risks. It is becoming more critical for companies on the island to understand and stay in tune with the changing climate of their business. They want to achieve competitive advantage and adapt quickly to the evolving regional and global business environment.

Actuaries in Cyprus are involved in the international business scene. They are recognized and respected in both the private and public sectors. In 1993, a group of Cypriot Actuaries formally established the Cyprus Association of Actuaries (CAA) to promote recognition for the profession and the skills of actuaries. Among its chief objectives is to set, govern and safeguard the code of professional ethics and conduct of its members

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in relation to the practice of the actuarial profession. CAA is a full member of the International Actuarial Association (IAA) as well as a member of the Groupe Consultatif Actuariel Europeen (GC). IAA is a worldwide association, founded in 1895, for the purpose of regrouping regional professional associations to encourage the development of a global actuarial profession. GC was established in 1978 to bring together the actuarial associations in the European Union (EU) to represent the actuarial profession in discussion with the EU institutions on existing and proposed EU legislation which has an impact on the profession. According to the CAA, there are about 20 fellows, approximately 12 associate and a few actuarial students currently practicing on the island. They are educated in the United Kingdom or the United States. Life insurance and pension are the main actuarial areas these actuaries are practicing in with a few in property and casualty insurance (non life).

Cyprus has a highly developed insurance industry which is growing alongside the banking and investment funds business. In 2007, the total direct premiums written in Cyprus amounted to US\$891 million. Out of this amount, US\$486 million accounted for non life premiums and US\$405 million accounted for life premiums.<sup>2</sup> The accession of Cyprus into the European Union has led to major amendments of the insurance legislation and opened up more growth opportunities. Insurance companies set up in an EU member state can carry out insurance business in Cyprus under the freedom of establishment/services provisions. Cyprus insurance and reinsurance companies benefit from a sound legal and regulatory framework with the “Superintendent of Insurance” safeguarding the high quality of insurance/reinsurance operations.

Currently, there are not a lot of health actuarial opportunities due to the fact that Cyprus’ health care system falls under the social protection scheme. Even though Cyprus ranks fairly high in international comparisons of health and health care standards, there are a lot of improvements to be made in the current health care system. Many believe that the organization and management of the system is outdated and inefficient. These shortcomings have created opportunities for expansion of the private health sector. In many cases, even those who are eligible for free medical care from the public sector choose to purchase health services from the private sector. Demand for private health care in Cyprus is particularly strong among younger age groups and wealthier households. In recent years, increasing demand for private secondary health care has led to the creation of private clinics with facilities for specialized treatment. This situation is reflected in the fact that public health provision in Cyprus accounts for less than 40 percent of the overall health expenditure, a very low proportion compared to the other EU countries. The health system in Cyprus faces many challenges. There is a need to develop a national benefits package. There is also a need to ensure adequate payment mechanisms and associated incentives for doctors and hospitals. Currently, there is little incentive to function efficiently and economize due to payment mechanisms of fee for service for doctors, and open ended payments for hospitals. The Cypriot population is ageing, with important implications for the health care system, specifically reduction of the labor force, shrinking social security revenues and potentially increasing health care costs. There is no

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developed market for health insurance. There are inadequate facilities for continuing medical education. There is no comprehensive health data collection mechanism and information and technology should be improved, particularly in hospitals. There is inadequate inspection and control of private sector services. Hospitals require new management systems for improved efficiency and quality. All the above are creating opportunities for health actuaries to play a vital role in this needed change and assist in the delivery of a financially sound, quality driven health care system.

Cyprus has a great system of education, including a recently established University and several Colleges. The University of Cyprus does not have a school of actuarial science. The math department could expand to offer classes to students interested in taking the actuarial exams offered twice a year. The Society of Actuaries has already established Nicosia, the capital, as one of their international exam centers. Therefore, there are plenty of academic opportunities as far as actuarial science is concerned.

The Cyprus government is heavily promoting the country's credentials as a location for both company regional headquarters and as a bridge between the European Union (EU) and the increasingly important markets of the Middle East. Although English is widely spoken on the island (by around 90 percent of the population), some employment areas are closed unless you speak fluent Greek. As mentioned earlier, many international and local companies have established operations on the island. Working conditions are considered good, with pleasant and secure workplace environments. Working hours vary by sector and profession. Most offices and businesses work from 8 a.m. to 5:30 p.m., with a break from 1 p.m. to 3 p.m.

On average you are entitled to a minimum of 20 days paid vacation, negotiated by collective agreements, with a further 15 days of public holidays. There is definitely a good balance of working and non-working life. The culture of the island is very family oriented, which allows for a strong balance between work and life. This aspect reflects a high level of work satisfaction which is an important factor for achieving high productivity.

Even though Cyprus is small, it is a year round island. Cyprus is more than just a place for lounging in the sun. There are a lot of things happening in Cyprus all year round. From cultural performance with big name stars, sports events to participate in or watch, religious festivals with all the pomp and circumstance of the Greek Orthodox Church, to informative international conferences. You would be surprised at what you can enjoy. With one of the best climates in the world, as well as one of the healthiest diets, not to mention a way of life that's geared to the outdoors, Cyprus is a great place for healthy living. An expansive coastline provides a wide variety of beaches to choose from, ranging from secluded bays, to lively resorts, sandy beaches and rocky coves and caves. With its richness of history, it is hardly surprising that Cyprus has developed a character which is quite unique. It is blessed with beauty that ranges from golden beaches of the Mediterranean to rolling hills and forest clad mountains that have many picturesque villages.

Cyprus has just a few qualified actuaries, making the profession rare in the country. However the country is at a point in time when financial services desperately need scientifically sound projections for strategic management decisions. It can be challenging to consider an actuarial

career on a tourist destination Mediterranean island like Cyprus. However, it can be rewarding in terms of growth/opportunity potential and living/lifestyle aspects. Indeed an actuary in Cyprus can have the best of both worlds. □

Sources / References

- (1) IMF Advanced Economies List. World Economic Outlook, Database - WEO Groups and Aggregates Information, April 2008.
- (2) Insurance Information Institute – International Insurance Fact Book



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