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## Tales from My First year Working Internationally

By Doug Andrews

**A**s an actuary who has resided in Canada all my life, I have often wondered what it would be like to work internationally. In 2008, I got my opportunity to find out. That was the year that I completed my transition from traditional actuarial work as a pension and investment actuarial consultant for a major firm to academia, teaching actuarial science.

In April 2008, I made the first of my three trips to Serbia to teach an actuarial science course to actuarial students, regulators and university lecturers. Prior to my visit, Harry Panjer and Rob Brown, both professors at the University of Waterloo and former presidents of the Society of Actuaries and the Canadian Institute of Actuaries, had been to Serbia to teach. I was excited, particularly when I learned that the Deputy Governor of the National Bank of Serbia (NBS) was coming to make the introductory remarks before my first class. My excitement was somewhat dimmed when I learned through the translator what the Deputy Governor had said about actuaries. The gist of her remarks were that in the financial crisis that hit Serbia during the early part of this century, the NBS, which is the national regulator and supervisor of financial institutions, found that a number of the insurance companies that failed had certificates signed by actuaries testifying to their solvency. The NBS took the dramatic step of abolishing the actuarial profession (for the purposes of certification). In recognition, that such an action was not a long term solution; the NBS developed the outline of a program of actuarial education, consistent with the guidance of the International Actuarial Association (IAA). The next step was to find actuaries who were prepared to come to Serbia to lecture. I have taught pensions twice and health economics and health insurance once.

The pension mathematics taught was primarily in respect of defined benefit pension plans. It was difficult for students to relate this to their own experience. Although the Serbian social security pension system is defined benefit, based on points, it is financed using a Paygo approach. Occupational pension plans are defined contribution. In some ways, it was difficult for me to relate the Serbian context to my experience. For example, in North America, salary scales are often developed by examining the historical pattern of salary increases over many years. Due to its period of hyper-inflation in the early 1990s, Serbia does not have an orderly progression of salaries. Salaries are only now returning to the levels they were just prior to the period of hyper-inflation. Inflation was so severe that the NBS museum has a 500 billion dinar note, which they claim is the largest denomination ever issued.

In February 2009 I taught the course in health economics and insurance. I also had the opportunity to present a special lecture to employees of Republic Health Institute (RHI). My talk was consecutively (as opposed to simultaneously) translated, which is a slow process, especially if one uses humour. One must wait until the translator finishes to see if anyone laughs. Serbia is opening its health insurance market to private insurers to provide parallel and supplementary coverage for certain services. Although RHI is the government body in charge of public health care provision, a department within RHI has been established to compete privately against other private insurers. However, the private insurers perceive an uneven playing field. The department of RHI will use the RHI offices throughout Serbia to deliver services. Many citizens do not distinguish the department of RHI providing private services from the government



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body charged with providing public health care, so they do not understand why they would purchase insurance from a private insurer.

Serbia is a fascinating country to visit. It has a long history of invasions by various countries—traditionally by Austrians, Hungarians and Turks, but at the end of the 20<sup>th</sup> century it was bombed by the United States and other NATO forces. Belgrade, the capital city, has an enormous fort high on the hill overlooking the place where the Danube River and the Sava River meet. The fort dates back over six centuries. It would have provided a secure fortress against land and sea attacks. From the architecture, one can see that Belgrade was a beautiful European city rivalling Paris, Berlin and Bucharest, but one can also see the effects of the bombing. One theory is that the bombed out buildings serve as a reminder of the devastation wreaked by the West and as a sign that the West needs to make financial reparations. Belgrade is an old city with a labyrinth of streets that do not follow a grid. It has a main pedestrian promenade with many outdoor cafes, open during warmer weather. The streets often open to monuments or small parks. The Serbian language is similar in appearance to Russian, so it can be difficult for an English speaker to get around.

The Serbs I met were very friendly and welcoming. They tend to be very animated and have a good sense of humour based in scepticism, probably in part due to all the things they've been told over the years by the various invaders. They are pragmatists rather than idealists. The following experience illustrates this characteristic.

I attended the local bridge club. There were 10 tables in play in the downstairs of what appeared to be a very nice house. There was also

a large bar that did active business at all times. The people were all very friendly to me. The bidding was conducted in English, French, Serb or some combination. The only thing that I disliked was that almost everyone coming to my table smoked. Many were carrying 2 packs of cigarettes for fear of running out in the few hours they were playing. When I was asked how I liked the club, I responded that I really liked it—the people were friendly, the bar was a great attribute and the bridge was good. I went on to say that the only thing I didn't like was the smoke and that in Canada we had passed a law over 10 years ago that one could not smoke in the clubs and that it made a big difference. My hosts smiled and replied “yeah we passed that law too!”

Beginning in May 2008 and continuing through the summer, I was fortunate to be awarded a grant by the Actuarial Education and Research Foundation of the SOA, which enabled me to live in Washington, D.C. while I was a Visiting Scholar at the National Academy of Social Insurance (NASI). It was a very exciting time to be in Washington with the Democratic race to select a presidential candidate still going strong, followed by the presidential campaign. Of the approximately 100 TV channels I could pick up, at any given time at least 45 channels were discussing some aspect of the candidates, their families, the election, etc.

The principal task I completed was to help NASI organize a one day conference for “interns,” i.e., students working in Washington, D.C. for the summer. The focus of the conference was social security, its funding and viability. Over 100 interns attended. I made a

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presentation, providing an international perspective on the U.S. Social Security system. Steve Goss, chief actuary at the Social Security Administration, gave a very clear explanation of the options for Social Security with respect to raising taxes, cutting benefits, or some combination. Haeworth Robertson, a former Social Security actuary, attended and spoke from the floor. The interns were divided into groups to discuss the options and present their recommenda-

tions. A number of actuaries acted as experts to facilitate the group discussions, including Alice Wade, Joe Applebaum and Anna Rappaport.

While in Washington, D.C. I had two additional opportunities to give presentations on international health care comparisons. One presentation, entitled “Ten Questions Every Actuary Should Be Able to Answer Regarding the Canadian Health Care System” was delivered to a conference of the International Association of Black Actuaries.

In October 2008, I started my current job as Senior Lecturer at the University of Southampton teaching actuarial science. The University of Southampton is one of the United Kingdom’s significant research universities. It has a strong actuarial science program for undergraduate students. Successful students can graduate with as many as eight exemptions from the Institute of Actuaries’ examinations. Much of the credit for this program is attributable to the efforts of Gerry Kennedy, the programme coordinator. There are approximately 100 undergraduates admitted each year to the mathematics with actuarial science or economics with actuarial science programs.

Southampton is in the southern part of the United Kingdom and is a port city. The Titanic sailed on its final voyage from Southampton and last fall the Queen Elizabeth II left Southampton—

its home base—to make its home in Dubai as a luxury hotel. Southampton is reputed to have the best weather in England; although that is a comparative, not an absolute, statement about good weather. However, my Canadian colleagues will be interested to know that there was only one day of snow in Southampton last winter. Thankfully, it snowed on the day after I had left England to teach in Serbia, because they closed the airport hours after I departed. The University was closed for two days. From pictures I’ve been shown, there must have been almost a full one inch of snow!

There are a number of actuaries that work in the south of England, in the vicinity of Southampton, most of whom participate in the Bournemouth Actuarial Society (BAS). The University of Southampton has hosted a number of meetings of the BAS. We are centrally located, have lots of room for meetings, and it gives our actuarial students an opportunity to meet actuaries and hear guest speakers. One guest speaker was Andrew Smith who had participated on a committee organized by the Institute of Actuaries to study asset models in an attempt to learn from the modelling mistakes made in this financial crisis. Andrew talked about the extent of the analysis of asset returns as well as the stochastic modelling done. At one point he quipped that the models gave results 10,000 years into the future and even at that point in time the Institute of Actuaries and the (Scottish) Faculty of Actuaries had not merged.

Over the past year, I have enjoyed my experience working internationally. I have had many different experiences and met a lot of new people. However, working internationally is not always fun. It can involve a lot of travel, including delayed or missed airplane flights, and long periods of separation from family and friends.

I recommend international work experiences for those looking for adventure, who are flexible and adaptable, and who enjoy meeting new people. □