



SOCIETY OF ACTUARIES

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The Actuarial Profession in Barbados

By Ayodele Marshall

Barbados is the ultimate island paradise, offering any visitor a true tourist experience complete with sun, sea and sand. Barbadians can also boast of producing pop sensations Rihanna and Shontelle who are topping the music charts across the world, and putting “Barbados” on lips where the name of this little country would never have been uttered. We Bajans, as we call ourselves, are a very proud people, and justifiably so. Any Barbadian would interject that we may not be as big as the other countries in the Caribbean, or furthermore the world, but we have made much progress in terms of the indicators of development. In recent times, Barbados has been named the number one (1) developing country in the world by the United Nations, outranking countries such as Indonesia, Fiji and Egypt. No minor feat for a country so small that it is often described as being 21 miles long and merely a smile wide. Our economy for instance, is one of the best in the developing world, and continues to grow superlatively.

Not only has Barbados made progress in money terms, but we have always been at the forefront of social development in the Caribbean region. Our literacy rate is 99 percent, and every Barbadian child is educated compliments of the Barbadian Government. Statements have been made that our health care is one of the best, in fact, the “the best, the best in the west!” as one social commentator boldly claimed. Every week it seems that the local newspapers feature a centenarian celebrating his or her milestone, and this is no exaggeration—Barbados has the second highest number of centenarians per capita in the world. Additionally, the family planning association which operates under

the aegis of the Barbados Government is one of the oldest and most efficient in the Caribbean.

Another attribute of which Barbadians can be proud is the social security system operating here. The social security system has existed somewhat informally since the late 19th century. The timeline of this system runs from rudimentary origins in the Sugar Workers’ Fund which provided benefits for labourers, whose tireless work on the sugar plantations contributed to the building of our first-class economy. The country gained independence in 1966 from over three hundred (300) years of British colonial rule. On gaining independence, the need for a more structured social security scheme became evident. Thus, the official Barbados National Insurance Scheme was established in June 1967. The National Insurance Scheme has been providing benefits to generations of Barbadian workers, and persons employed and living in Barbados. This scheme grants benefits such as maternity benefits, sickness benefits and injury benefits over the short-term, as well as disability benefits, survivors’ benefits and pension benefits over the long-term.

Actuarial reviews of the National Insurance Scheme performed in the 1980s revealed the need for reform. For years, the need for Pension Reform has ranked high on the agenda of policy makers throughout the world, and Barbados is certainly no different. The same factors, about which Barbadians boast, are the main factors which necessitated the reform to our pension scheme. In common with many nations, Barbados had been experiencing fundamental changes to the demographics of the population. The successful initiatives of the

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Barbados Family Planning Association led to a situation where the estimated fertility rate was as low as 1.65 live births per woman, and this fertility rate is sub-replacement level.¹ Improved health care led to Barbados achieving lower mortality rates and a higher life expectancy. Thus Barbados, like many countries across the world, was faced with an “elderly problem”—an ageing population with a comparatively great percentage of the population over the age of sixty-five.

While these factors spelt out a success story for Barbados as the number one developing nation in the world, they presented the challenge of sustaining the NIS pension fund as it stood. For the mathematics of the relationship between contributions paid in and pensions paid out to be effective, measures had to be taken to ensure that there would not be complete depletion of the National Insurance Pension Fund. Therefore, the Board of the Barbados National Insurance Scheme appointed a sub-committee in the year 1999 to determine practical solutions to maintaining the stability of the Barbados NIS Pension Fund. Persons from different fields of academia as well as stakeholders in both the private and public sectors of the country were employed as members of the committee. Placed at the helm and given the most important job of all was local actuary Stephen Alleyne. Mr. Alleyne was elected to steer the committee in researching sound ideas to deal with the challenge of sustaining the Pension Fund.

This is where the image of the actuary received a major facelift in Barbados, and the actuarial profession started to gain popularity on the social stratosphere of this country.

To say that the actuarial profession in Barbados was not well-known is litotes of the highest order. The actuarial profession in Barbados is one of the smallest bodies of professions here, with only a handful of qualified actuaries earning their keep. The profession is not well-known among citizens and was not as popular a career choice as other, more traditional, pursuits. Simply put, many persons just do not understand what actuarial science entails.

However, Barbadians soon began to sit up and take notice of the actuarial profession. The impact that players in the field had on an important facet of the country’s management was significant, and could not be discounted. Among the few persons who knew about the profession, the image held of an actuary was confined to the offices of life insurance companies, but in the saga of the pension reform, actuaries featured prominently and played very important and public roles. Soon Barbadians on the street, in the supermarket and on the call-in programs could be heard discussing the pension reform changes. They spoke of how the “bright boys” in the Pension Reform Committee proposed the need to work longer and retire later. The purposes of the public awareness campaign were to

¹ Replacement fertility level refers to a rate high enough to replenish the country’s population with natural increase. For countries with low child mortality, the replacement fertility level is approximately 2.1 children per child-bearing woman.

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educate the masses of the need for the pension reform, and its effects for the average contributing Barbadian. Moreover, the campaign was designed to get them involved in the discussion and policy-making.

Indirectly, the average citizen was informed of the role that actuaries play in modeling for the various contingencies of life. As a result, the field of actuarial science gained much mileage. Guidance and career counselors now had points of reference and examples of actuaries working in the public domain. A more defined path of where to guide young bright mathematicians was provided. The image of an actuary, once nerdy with calculator always in hand, was now somewhat like that of a super-hero. Actuaries did the necessary calculations, and made projections and models to save the fund, and thus saved the day.

Now many bright young students are exploring the possibility of studying actuarial science. It is ranked almost as popularly as traditional pursuits such as medicine, law and engineering. At career fairs and showcases held in Barbados, many young persons flock to the actuarial booth to inquire about the profession. Future Barbadian actuaries can also study with their Caribbean counterparts in their own backyard. A Bachelor of Science degree in Actuarial Science is offered at the University of the West Indies in Jamaica, and each year there are increasingly more applicants looking to study closer to home. Through this degree programme, students can gain the Validation by Educational Experience credits necessary for Fellowship in the Society of Actuaries, as well as tutelage in the syllabi for the preliminary exams administered by the same body. Previously, Barbadian actuarial hopefuls would have to travel to universities in the United Kingdom and Canada, but now they can study at significantly reduced costs.

While it is true that actuarial science has gained some popularity as a career choice among the crème de la crème of the school aged, it still remains not as widely known as other professions, and certainly not as populated. In any given actuarial exam room, there are likely to be only three persons, with the invigilator included. There are some positives though, as this lends an air of exclusivity to the profession and it is perceived to be one where only the brightest and the best thrive. Individuals who have an understanding of the aspects of the profession are very impressed by actuaries, and assume that they are very, very intelligent—“geniuses!” is usually the exclamation associated with actuary. There is also a growing coolness factor attached to the profession. Young males in the field have given anecdotes about impressing the ladies with details of their daily responsibilities. It also helps the image of the profession to be consistently ranked as one of the top five jobs annually.

It is not all glitz and glamour in this profession though. There are huge sacrifices to be made on the part of anyone aspiring to be an actuary. On many occasions, while Barbadians are enjoying all the sights and sounds that this tropical paradise has to offer, those studying for exams have to be stuck inside the office with their heads in the books. Many a beautiful day is spent indoors pouring over syllabi, while friends are gallivanting on the beaches. Fortunately, there are rewards. For not only is prestige gained with the profession, the skills set obtained on the path to attaining qualification affords the opportunity to contribute to the upkeep of this superb nation that we hold so dear. □