

Actuarial Science in Eastern Europe

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With the emergence of freer economies in the countries of Eastern Europe following the political change in that region, the insurance industry, social security system and the financial services industry in those countries witness a major restructuring operation. The demand for actuarial services and actuarial expertise has grown rapidly in countries such as Poland and Hungary. I would like to briefly report on the dimension and direction of the economical changes in Eastern Europe, state the need for actuarial training and services in the new political landscape, and outline some ways of meeting the demand.

Recently passed regulations in Poland require each life-insurance company to employ an actuary who is personally responsible for the company's financial policy. However, the suddenly increased demand is not matched by the supply of actuarial professionals or even advanced actuarial students. While Eastern European universities generally provide a good education in mathematical subjects, actuarial science has not been, to my knowledge, represented in any university curriculum with the exception of some pre-actuarial courses offered within insurance programs. This situation is a reflection of the imposition after the Second World War of centrally planned economies with one center of decision and policy-making. There was no place for a multitude of insurance enterprises, and the role of existing in-

insurance companies was diminished. Social security programs were simplified and consequently actuarial training was abolished.

Despite this fact, Poland still “occupies a special place in the history of insurance in the socialist countries of East Europe” and “may be considered a laboratory for socialist insurance”(Rogers, 109). Poland was the first country in Eastern Europe to de-monopolize its single state insurance monopoly in 1984. However, it is only recently that new legislation has made it possible to establish private insurance companies and therefore recreated the actuarial profession in Poland. In the pre-World War II Poland, there was, namely, a Polish Institute of Actuaries, but after 1945 actuarial education was abandoned and the actuarial tradition discontinued.

Even during the period of a state monopoly on the insurance market, Poland attempted, in a rather limited way, to follow developments in actuarial science in the Western world. Poland continued to have members in the International Actuarial Association and the 1962 ASTIN Colloquium was held in Sopot, Poland, an old Baltic Sea resort. There are still some publications in statistics and insurance related matters that provide guidance to the insurance professionals of Eastern Europe.

In July 1990, a group of ca. 30 recent graduates of mathematics and similar programs was selected by the Polish Ministry of Finance and existing insurance and social security establishments to take part in the Summer School of Actuarial Science, which was organized jointly by the Ministry of Finance of Poland and the University of Western Ontario. The School provided a 90-hour course covering topics which may be classified as pre-

actuarial and actuarial. They included the theory of interest, elementary life contingencies and topics in risk theory.

The School will be continued in the summer of 1991 due to its excellent reception by the participants and their employers alike, as well as the interest raised by the Warsaw University in Poland which is attempting to work towards establishing a permanent actuarial program.

In the summer of 1991 a wider range of subjects will be taught. The departments of the City University in London, Université Pierre et Marie Curie in Paris and the University of Western Ontario are involved in the planning and organization of the School with the participation of professors from other North American universities and American actuaries. The organizers hope that the Society of Actuaries will be able to support the School by donating textbooks and study materials.

Similar efforts to those described above were made last year in Hungary where Professor Steven Haberman of the City University, London, offered a course in Actuarial Mathematics. A follow-up course is planned for 1991. I was recently informed that there is an interest in actuarial teaching in Bulgaria and that Professor José Garrido of Concordia University in Montreal gave a series of lectures in risk theory there.

Reference

Insurance in Socialist East Europe, by Paul P. Rogers, with the assistance of Bruno Schönfelder and Ehrenfried Schütte, Praeger Publishers, 1988

