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# Actuarial Development in Armenia

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Amidst the highlands surrounding the mountains of Ararat in Central Asia, lies Armenia, a fascinating country, rich in history and tradition. Modern Armenian economy is based on industrial services, such as textile manufacturing, machinery, and electronics. It also relies on the support from Armenians living abroad. Your co-author (Arocha) would witness a vibrant urban life in Yerevan, the country's capital, despite the subzero temperatures of January 2017. He was honored to conduct a five-day seminar to help prepare local actuaries for SOA Exam C,<sup>1</sup> "Construction and Evaluation of Actuarial Models."

Let's take a step back. The actuarial profession in Armenia is not fully developed. In 2008, USAID in association with Central Bank of Armenia and the Institute and Faculty of Actuaries (IFoA) implemented "Actuarial Education," a program in two stages: basic education (eight modules) and advanced education (12 modules). All but three modules were taught by IFoA actuaries; the rest were delivered by local experts. Most students that graduated from these courses now work in the Armenian financial sector. Some of them work as appointed actuaries; others are employed in government agencies; and a few perform risk management functions in the banking industry.

As is the case in many countries in the world, one of the fastest ways to start building actuarial capacity is to motivate junior actuaries and young graduate students to write the preliminary SOA exams. The fact that a few exams are administered via computer-based testing<sup>2</sup> makes it easier for candidates to engage in this venture. Even if candidates do not complete the ASA requirements, they typically find it useful to apply the gained knowledge to their day-to-day work, and enrich their experience.

Several universities are planning to offer actuarial studies at the graduate level, but currently actuarial undergraduate and graduate programs are available only in the Yerevan State University, Faculty of Mathematics and Mechanics. Local actuaries belong to the Actuarial Society of Armenia,<sup>3</sup> an associate member of the International Actuarial Association. Notably, an Armenian actuary (and your other co-author, Arsenyan) has served on Actuaries Without Borders<sup>4</sup> (AWB), a section of the IAA. She started with AWB in 2013 and now is the vice chair.



From the left to the right: Grisha Khachatryan, Armen Vardanyan, Lilit Khachatryan, Carlos Arocha, Gayane Arsenyan, Anahit Gulyan, Nshan Potikyan

The Exam C preparation course was a remarkable experience. The audience was quite familiar with the topics included in the exam syllabus, so the emphasis was geared to problem-solving, and the discussion of exam-passing techniques. A few R scripts were also presented to pique the attendees' interest on actuarial applications and insights. Credibility Theory motivated lengthy but intellectually rewarding reviews.

It is evident that this preparation course was not an isolated project, but part of a large effort to grow the profession. It is expected that a few candidates will successfully pass some of the preliminary exams in 2017, and one or two candidates will be awarded SOA associate-ship within the next couple of years. ■



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## ENDNOTES

- 1 Exam C will be replaced on 1 July 2018 with the "Short-Term Actuarial Mathematics" exam.
- 2 Currently, exams P, FM, MFE, and C are offered via computer-based testing. Effective 1 July 2018, these exams will be renamed and their content will be adjusted, and a fifth exam, "Statistics for Risk Modeling" will also be offered under this modality.
- 3 <http://actuaries.y-su.am/>
- 4 Actuaries Without Borders is one of the sections of International Actuarial Association, which promotes the public good globally, focusing on countries that lack the actuarial resources needed to create productive, sustainable, and stable markets for insurance and other risk mitigation, and the means to develop the actuarial profession, in support of a strategic objective of the IAA to support the development, organization and promotion of the actuarial profession in areas of the world in which it is not present or is not fully developed.