



SOCIETY OF ACTUARIES

Article from:

The Actuary

June 1990 – Volume 24, No. 6

Actuaries as volunteers in underdeveloped countries

by Charles L. Trowbridge

Technical know-how is a scarce and expensive commodity in much of the underdeveloped world. As nations progress socially and economically, the need for technical expertise becomes more apparent. In fact, much foreign aid that is bestowed by richer nations takes the form of technical assistance. The theory is to help the underdeveloped world to help itself.

Actuarial science is one form of technical knowledge to which the foregoing paragraph at times applies. The need for actuarial know-how in underdeveloped lands is not particularly strong, but it seems to be growing. Actuarial consulting firms active in the international arena can and do meet some of these modest needs, but too often third world clients cannot afford the cost.

Some 25 years ago the International Executive Service Corps (IESC) was created in the United States; a similar organization, the Canadian Executive Service Organization (CESO), exists in Canada. These organizations attempt to match technical needs of client companies in the third world with "experts" (usually retired) in North America willing to contribute their knowledge and experience. Financing the volunteer's two- to three-month stay on the client's home grounds comes partly from the benefited client, partly from foreign aid funds, private grants, and the volunteer's willingness to work only for expense reimbursement.

Actuaries have been a relatively small part of the total effort, largely because few third world clients need actuarial assistance. Nonetheless, over the years actuaries have undertaken a dozen or so of the more than 10,000 IESC projects. As it happens, I recently worked on three IESC projects.

In late 1985 I was asked to undertake a project in Morocco. An organization known as the Caisse Interprofessionnelle Marocaine des Retraites (CIMR) is the administrative agency for a large multi-employer retirement plan for salaried employees. The plan is based on the "repartition" principle, not well-known in North America but

common enough both in France and those parts of the world where French influence is strong. In this Moroccan adaptation, several local insurance companies were involved with a defined contribution portion of the total plan. CIMR asked for actuarial help with negotiations with the consortium of insurers and with the Moroccan government.

Two years later I took a second assignment in Kingston, Jamaica, helping a life insurance company recently formed from the Caribbean operations of two different North American companies, one U.S., the other Canadian. The assignment included training and encouraging three recently hired actuarial students, as well as advising on product development and investment accounting.

My 1989 IESC assignment was in Botswana, a sparsely settled and largely desert country in southern Africa. An insurance company active in life, pensions, and casualty, owned jointly by the Botswana government and insurance brokerage interests in London, was restructuring due to changing legislation and desired help with developing a long-range plan.

Prior to these assignments, but after my retirement from the insurance industry in 1979, I was able to apply actuarial knowledge in another less-than-fully-developed country. A two-month sojourn in Malaysia, semi-attached to the Department of Mathematics, Statistics, and Actuarial Science of Institut Teknologi Mara, gave me a good look at a multi-cultural nation of the Far East, close to but politically separate from the thriving commercial city of Singapore.

In all these assignments my wife was able to accompany me, and we had the time and the inclination to see something of these very interesting parts of the world. As third world countries go, these are relatively well developed, and all have escaped from colonialism since World War II. Malaysia and Morocco are Islamic, though both are about as far from the center of Islamic affairs as Moslem nations get. Jamaica has both a Spanish and an English colonial history and was settled by the Spanish long before Europeans came

to North America. Botswana is one of the newest nations, never a part of the Republic of South Africa, but necessarily influenced by the situation there.

Now we have an intensified interest in world and foreign affairs, coming in part from these actuarially related visits to far off and lesser known places. Opportunities along these lines, limited though they may be, seem to crop up if one keeps looking.

Charles L. Trowbridge, a Past President of the Society, is author of the book *Fundamental Concepts of Actuarial Science*.

Sections cont'd

and general coordination is achieved through a Council of Section Chairpersons. A few of the Sections would like to improve the exchange of ideas between Sections.

- **Input** – All Sections would like to be responsive to the needs of their members. Specifically they have asked for ideas on how to improve services. Volunteers to serve on Section committees would also be appreciated.
- **Divisions** – At the time Sections were formed, the concept of Divisions also was considered, but rejected. This would have been a higher level structural change in the Society for key functional needs of members. For example, Life and Pension and perhaps Health Divisions could have been formed, (and a Casualty Division if the Casualty Actuarial Society had wished to integrate its activities with the Society). Obviously, such a structure would have had immense significance for the governance of our profession.

The Section representatives were not asked for their views on Divisions, but it is interesting to note that the emergence of Sections has not detracted from the overall governance of the Society, while permitting the pursuit of the specific functional requirements of members.

For more information on Sections, see pages 44-46 of the SOA *Yearbook* and pages 51-58 of the 1989 Committee and Section Reports.

Robin B. Leckie is Consultant, R. B. Leckie & Associates. He is a Past President of the Society.