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# The Nascent Actuarial Community of Sri Lanka

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Sri Lanka is an island nation in South Asia, well known for its world-class tea, pristine beaches and elephants. However, rarely do we hear about the emerging insurance industry or the budding actuarial community of this nation. Here are a few highlights of recent developments within the actuarial community in Sri Lanka and its future plans.

## ACTUARIAL ASSOCIATION OF SRI LANKA

The Actuarial Association of Sri Lanka (AASL) is the only registered professional organization for actuaries in the country. It was formed in 2008 and had 14 fellow members, 23 associate members and 64 ordinary members at the end of 2016. Most fellows and associates do not practice in Sri Lanka, as they are often consultants attached to foreign firms working with local companies.

AASL does not have a credentialing procedure of its own but requires all its members to have at least a student membership with one of the following actuarial organizations:

- Institute & Faculty of Actuaries (IFoA, UK)
- Society of Actuaries (SOA, USA)
- Institute of Actuaries of India (IAI)
- Institute of Actuaries of Australia (IAA)
- Het Actuarieel Genootschap (Netherlands)

Most current members are attached to IFoA, and a significant student community follows both IFoA and SOA exams. Most members practice in the life insurance sector with very few employed in the general insurance (P&C) sector.

Currently AASL is an associate member of the International Actuarial Association (IAA) and applied for full membership in the IAA in 2017.

The need for actuarial resources has increased tremendously over the last few years due to changing regulations, especially with the implementation of risk-based capital (RBC) requirements by the Insurance Board of Sri Lanka, and more challenging market conditions. The demand for actuarial resources will continue to increase with the adoption of IFRS 17 and the evolution of other regulations.

### Sri Lanka facts

**Land area:** 25,330 sq miles

**Population:** 21 million

**GDP per capita:** \$3,835

#### Insurance market:

- 2016 premium:
  - Life – \$369 million
  - P&C – \$475 million
- Penetration: 1.1% of GDP



Aerial view of Colombo, Sri Lanka, coastal promenade area.

The actuarial profession in Sri Lanka has also grown rapidly over the last few years. We now see much more interest from university graduates and even high school students in pursuing careers in actuarial science. Access to information has been key in generating interest in the field and developing the image of the actuary within the local market.

## CHALLENGES

Lack of awareness about the profession among the general public makes it difficult to attract top talent with the educational background and skills necessary to pursue an actuarial career. This situation has improved significantly over the last few years thanks to AASL activities and more opportunities that are on par with international standards becoming available to local talent.

Support provided by employers in pursuing actuarial credentials vary widely in the industry, which has slowed down the progress through actuarial exams. The financial and time commitment required to obtain an actuarial designation prevents many talented students from pursuing an actuarial career. Some employers have developed student programs in line with global standards, while others provide barely any support at all.

Currently only the insurance industry in Sri Lanka recruits actuaries, and the involvement of actuaries in other industries such as banks and the government sector is limited. Local actuaries will look to expand their skill sets and add value to other industries in the future.

Emigration is also a concern, as credentialed actuaries leave the country to work in more developed markets. This has improved slightly over the last few years, with several students returning to work in Sri Lanka after completing their undergraduate and graduate studies and gaining some experience overseas. Providing exposure to non-traditional areas of practice will be key to retaining top talent in the country.

## FUTURE OF THE PROFESSION

With a strong insurance and financial services sector, the Sri Lankan market will need the services of a large number of actuaries. To meet this demand, AASL has launched several initiatives to develop more home-grown talent.

In general, Sri Lanka has a large talent pool with the necessary background in mathematics, statistics and finance to attract to

the profession. Local university graduates have the technical prerequisites for taking actuarial exams. However, adequate support from employers to complete exams and receive guidance and mentoring from senior actuaries will be required to support new actuaries' development.

AASL has applied for full membership in the IAA and is hoping to be accepted as a full member in January 2018. In preparation for full membership, AASL has adopted a code of conduct and also established a disciplinary process, both of which are in line with the professional codes and disciplinary procedures of the SOA and IFoA. Becoming a full member of the IAA is expected to provide numerous opportunities for Sri Lankan actuaries to expand their careers.

Here are some of the initiatives AASL has launched to support the student community and growth of the profession in general:

- Examination preparation support through tutorial sessions for at least one exam in a sitting, usually with help from Actuaries Without Borders (AWB®)
- Regular knowledge-sharing sessions on relevant topics
- Facilitation of members' participation in the global mentorship program launched by AWB®
- Sponsorship of a student member to attend the Asian Actuarial Conference each year
- A discount program for study materials from Actex Publishers made available to members
- A library providing study and other educational material that is currently being established (AASL is considering different avenues for financing this initiative.)
- Role of hosting international events such as the South Asian Actuarial Conference that will expose AASL members to new developments and international practices
- Social events to promote networking

AASL is confident that these measures will result in expanding the actuarial profession within the country as well as ensure that its members are globally recognized. ■



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