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# Actuarial Development in Bulgaria

By Carlos Arocha

*“Не оставяй днешната работа за утре.”*—Bulgarian proverb

... which is identical to Franklin’s aphorism: *“Don’t put off until tomorrow what you can do today.”*

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The eastern portion of the Balkan Peninsula is occupied by Bulgaria, a member of the European Union that borders with Romania, Macedonia, Turkey, Greece, and Serbia. From an economy that was primarily agricultural a mere 60 years ago, the country has developed into a sophisticated provider of scientific and technological research, automotive components, chemicals, and other industrial activities. I was recently honored to conduct a three-day seminar on Enterprise Risk Management jointly sponsored by the Bulgarian Actuarial Society (BAS), and Actuaries Without Borders (AWB), a section of the International Actuarial Association (IAA). Taking that opportunity, I witnessed a vibrant urban life in the country’s capital Sofia and learned about the history and latest development of BAS.

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The BAS is a full member of the IAA. It was founded in 1924, but ceased to exist in 1944 during World War II, and was reestablished in 1993 by 19 founding members. Its current charter was set very much in the spirit of the Chart of the first Society of Bulgarian Actuaries of 1924. Actuaries from the very

early period of the profession in Bulgaria were graduates of the colleges of trade and finance in Russe and Svishtov, two towns in the bank of the Danube. A few actuaries earned university degrees from the Mathematics Department of the Sofia University. Some other actuaries were trained in European universities, for example, Prague, Paris, Vienna, and Berlin.

In 1995–1996 a post graduate diploma course in Actuarial Sciences was organized jointly by the BAS, the Institute of Actuaries, and the Faculty of Actuaries (The Institute and Faculty of Actuaries (IFoA) was established in August 2010). The syllabus of the course included eight modules of 25 hours of lectures each, covering actuarial mathematics, statistics and probability, economics and investment, social security and occupational pensions, as well as principles and practice of life and non-life insurance. The modules ended with written tests provided by the U.K. lecturers. Diplomas were issued jointly by the BAS and IoFA to 20 students. The course provided the subsidy set to develop further actuarial qualification courses and examinations at the BAS. The course was also supported by the Know How Fund of the British Government and the lectures were delivered by members of the IFoA.

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The BAS is taking up the education of future actuaries in accordance with the new syllabus of the IAA, and where local resources are not available, international participation is sought. As is the case in many countries in the world, one of the fastest ways to start building actuarial capacity is to invite lecturers from other actuarial associations. Earlier this year, a two-day seminar on P&C Claim Reserving Methods was held by two university professors from Malaga University, who are members of the Spanish Institute of Actuaries. Other programs include economic capital models, risk theory and derivatives pricing, professionalism and professional standards, business economics, etc. Further programs on big data, investment portfolio management, and ruin theory are in the planning. The aim being both to educate new actuaries and to let credentialed actuaries to obtain continuing professional education credits.

The 2017 Enterprise Risk Management seminar in Sofia was a remarkable experience. The audience of 51 was quite familiar with the topics included in the seminar content, so the emphasis was geared to the most practical aspects of regulatory and advisory ERM paradigms, including Solvency II. A few R scripts were also presented to pique the attendees’ interest on actuarial applications and insights. Extreme Value Theory and the modeling of dependencies motivated lengthy but



intellectually rewarding reviews. All in all, the highly interactive seminar was also an opportunity for actuaries to network.

The current insurance industry in Bulgaria is not as developed as other European Union countries, but it has great potential. The country's gross written premium in 2016 is about USD 1.1 billion, a 7 percent increase from previous year and the growth rate is above the European average. There is much need to keep developing actuaries and other risk professionals to contribute to the growth of the industry. If the efforts taken

by the BAS to educate actuaries stay on the right course, a bright future for the insurance sector will be guaranteed. BAS is serious about its commitment, and they are not putting off until tomorrow what can be done today. ■



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