



SOCIETY OF ACTUARIES

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SOA member invited to Malaysia

by Stuart Klugman

Last December, I was invited to spend a week in Malaysia by the Malaysian Insurance Institute (MII) and the Malaysia National Insurance Company (MNI). I met informally with the actuarial staff of MNI and the professional staff of MII and presented a lecture on "New Developments in Actuarial Theory" at University Science Malaysia on the island of Penang.

I also spoke at an all-day seminar entitled, "Actuaries Make a Difference," at MII at Kuala Lumpur. The seminar began with an overview of the Society of Actuaries and the Casualty Actuarial Society education and examination systems. This sparked a lot of discussion, because Bank Negara, the organization that regulates insurance, has decreed that all insurance companies have a least one Associate and one Fellow on staff by December 1995. In recognition of the need for exam-qualified actuaries, MII has supported the SOA system by offering review courses for exams 100-165. This training is becoming more essential as the variety of insurance products being allowed continues to increase (for example, life annuities will be allowed beginning this year). Obtaining the needed quantity of actuaries will be difficult. There are 18 companies and currently 36 Associates and 10 Fellows. Salaries and other benefits such as study time are not at the same level as in North America. As a result, some Malaysians have preferred to remain in North America rather than bring their expertise home.

The second part of the program was on professionalism. Many in the audience of 120 were unaware of what it means to be a professional actuary or that a code of conduct, standards of practice, and disciplinary procedures exist. Some were surprised to learn that



Stuart Klugman (center) spends time in Malaysia as a guest of Dato' Annuar Senawi (left), executive chairman of Malaysia National Insurance (MNI), and Hassan Kamil (right), deputy general manager of MNI.

practicing outside North America does not free an SOA member from these obligations.

The morning concluded with a panel discussion on the role of actuaries. Joining me were four senior management officers from insurance and asset management companies and the deputy general manager of MII, Hassan Kamil.

The afternoon concluded with a technical presentation on insurance modeling using stochastic models, the collective risk model, and maximum likelihood estimation, closing with an example from Intensive Seminar 152.

The profession in Malaysia and in North America both share the search for respect. In North America, we are looking for ways to have actuarial expertise respected by noninsurance, risk-taking/measuring enterprises.

In Malaysia, actuaries are still looking for respect within the insurance industry. In both cases, it is difficult to show what we can do unless someone gives us the chance to do it.

The requirement that companies have an exam-qualified staff is a good start. However, after completing exams, Malaysian actuaries may need more help in learning to apply the concepts to the particular problems of Malaysia (for example, the Takaful, an insurance scheme based on Islamic principles). The MII is hoping to assist by providing education opportunities and may turn to the SOA for help.

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