



SOCIETY OF ACTUARIES

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# Travel adventures with actuaries

*Actuaries are a versatile, creative, and enterprising group of people. Two such people are Michael Crawford and Barton Fleming. They successfully searched for challenges and opportunities for personal and professional development. As a result, their searches took them to distant lands. The following are their personal accounts of these adventures.*

## A math teacher in the land of kismet

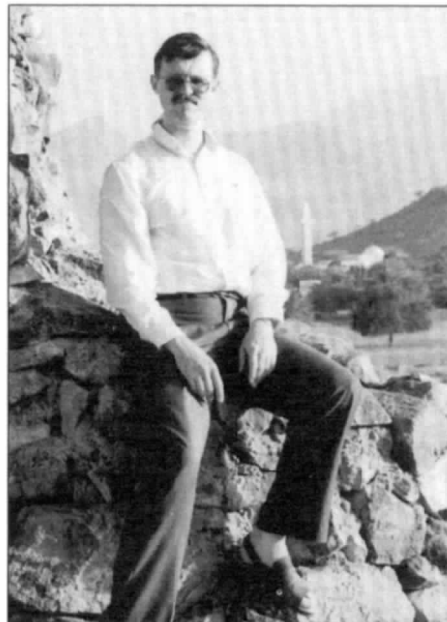
by Barton Fleming

Like many actuaries, I always wanted to teach. In 1992, with the economy mired in a recession and with a shortage of jobs for pension actuaries, I took an interesting, but lower-paying, job. It was a teaching position, behind ten-foot walls topped with six feet of barbed wire, at the Women's Campus of the United Arab Emirates University. The students lived behind these walls, leaving the university only on weekends. On weekends, their fathers or husbands would pick them up, or they would travel on chartered buses directly to their homes.

While teaching at the university, I was living in the oasis city of Al Ain in the middle of the great Arabian Desert. Unlike many Arab Gulf cities, Europeans and Americans make up less than 1% of the population. Thus, the city of Al Ain is culturally Arabic and lacks the cosmopolitan veneer of places like Abu Dhabi and Dubai.

For an American, my first day as a full-time university instructor was unique. As I stood in front of my class, I saw the faces of only half of my 20 students. The other half were hidden behind a variety of black veils. For some of them, this was their first encounter with a man from outside the immediate family. I had to comply with a dress code that required long pants, long-sleeved shirts and ties in an extremely hot climate. I joined the group who claimed wearing open sandals was a Western cultural tradition.

Part of my adjustment was going from 20 years as a benefit consultant to a teacher. Other adjustments came from differences in culture and the business environment. The life insurance business is thriving in the Arab Gulf, but most policies are purchased by expatriates. The two market segments are expatriates from the subcontinent, for whom life insurance is their family's economic security, and European expatriates, especially those from the British Isles, who are interested in offshore savings vehicles.



*Barton Fleming explores a ruined watch tower on the coast of the Emirate of Khorfakhan. He wears the obligatory long-sleeve shirt in a climate with temperatures of 120° F. in the shade.*

Emirate nationals do not buy much life insurance. The Holy Koran specifically forbids certain contracts that involve interest, creating suspicion of traditional insurance policies that

involve fixed payments by the insured and fixed payouts by the insurance company. Variable cash value policies can be developed that pass the scrutiny of Islamic law experts.

However, the traditional family structure, religion, and culture in the Emirates actually reduce the need for life insurance. For example, a woman remains part of her family after marriage, yet the children belong to her husband's family. At the time of marriage, her husband or his family gives her a bride price, ranging in modern times from \$135,000 into the low millions, depending on her education and career success. The money may be placed in a trust, or the woman may invest the money herself. These women's rights are derived from the Koran and are also linked to a certain level of independence within the traditional society rarely reported on by the Western media.

If a couple divorces, which is just as likely to happen as in Western cultures, young children remain with the mother and are supported by her bride price investments. Older children are expected to be raised by the father. The extended family feature of Emirate society also assists with providing for children in the event of death.

Many Westerners assume the need for life insurance will increase as the culture changes. I believe there is no reason to assume that the Emirate's cultural traditions, developed over centuries and enabling their survival and prosperity in one of the most difficult environments on earth, will evolve to be similar to those of the West.

**Barton Fleming is temporarily at NationsBank, Greensboro, N.C., and is ready to resume an actuarial career.**

*(continued on page 14)*

## E&E CORNER

### New ASAs and new FSA candidates

With the change in Associateship requirements from 200 to 300 credits in effect, SOA welcomed only two new ASAs from the November examination session. One hundred seventy completed Fellowship exam requirements and were invited to attend the Fellowship Admission Courses in February in Atlanta and in March in Dallas.

### New Fellowship courses

Two new Fellowship elective courses were introduced with the November 1996 session:

- I545, Individual Disability Income, a 15-credit course, whose topics include plan design and administration, pricing and profitability, and actuarial reserves and financial reporting
- G528, Advanced Health Topics, a 15-credit course, whose topics include managed care effectiveness, dynamics of public and private health plans, and ethical considerations

### Pension course changes

Some consolidation of courses in the Pension Track is planned. International Pension Issues (P-560), Social Insurance in Canada (P-561C), and OASDI Program in the U.S. (P-562U) courses are being combined into one

new elective course, P-567, Retirement Income Security—A Worldwide Perspective. The new course will be offered starting in fall 1997. Presently existing courses will be offered for the last time this fall (P-561C, P-562U) and in spring 1997 (P-560).

The U.S. and Canadian courses on design of retirement programs (P-361C, P-362U) are being changed to include material on executive retirement plans, now considered a central part of current practice. It will eliminate the elective courses on executive compensation (P-565C, P-566U), which is being offered for the last time in the fall of 1996.

### Elective course being eliminated

Selection of Risks (Course I542) is being offered for the last time in fall 1996. The Education Committee believes that much of the detailed material on the course is not needed. Important concepts, such as pricing considerations and financial implications related to underwriting, will be covered in the required design and pricing (I440C/441U) and law and tax (I342C/343U) courses beginning 1997.

### January confusion

In January, some confusion existed about when grades for core courses 210 and 220 would be released. We erred in not amending the wording in

the Instructions to Candidates to reflect the effect of the recent change in Associateship requirements. In future instructions, confusing wording that may cause uncertainty about when to expect grades for Series 200 courses has been eliminated.

Though the core courses are now required for Associateship, releasing grades for those courses on the same schedule as the multiple choice (120-165) examinations is not possible. The grading process for the written answer papers is labor-intensive and takes considerable time, especially as all borderline papers are graded independently by more than one grader. We recognize that candidates are always impatient to receive their grades, but we believe that the current process guarantees that all candidates receive a fair assessment of their papers.

### Statement changes

E&E is changing the statement on the examination application that all candidates must sign. In cooperation with the CAS, CIA, and other joint sponsors and administrators for SOA examinations, the statement is being amended to make it explicit that information about a candidate's results or any action taken because of a candidate's conduct related to the examinations may, at the SOA's discretion, be shared with other bonafide actuarial organizations interested in the results or action.

## Travel adventures (continued from page 7)

### Exam experience in Budapest

by Michael Crawford

**A**fter I earned my ASA designation, I decided to take some time off from work and see the

world. I had worked at a Philadelphia life insurance company for three years. I wanted to get the rest of my exams over soon, but I wanted to avoid "exam burnout." Luckily, the SOA allows students to take exams at overseas locations.

My first question was where to take the exams. I looked at several criteria

when evaluating a possible location to study and take the exam. The location had to have good, trustworthy mail service, because I would be receiving books, study notes, and actuarial materials by mail. Also, I was looking for a country where I would not have to worry about my health, and the location had to be reasonably hassle-free.

I did not want to study in a hot climate or have many distractions. My last criterion was low-cost living.

After considering Prague or Budapest as the location for my first exam, I chose Budapest. After unification, Prague's prices were close to Western standards, and I could not afford to live there. Other considerations in favor of Budapest were the presence of friends I met on my first visit there and a beautiful city full of friendly people, most of whom spoke either English or German.

After I settled in, I went to meet Dr. Gyorgy Michaletzky, who taught at the main Hungarian university, Eötvös Loránd. He was very friendly, spoke excellent English, and agreed to proctor my exams.

Several of the university's math professors were working as consultants to Austrian insurance companies based in Vienna. Evidently, as privatization was just getting started, it was extremely difficult to raise enough capital to start a Hungarian insurance company. So, a few Austrian companies were starting up branches throughout East Europe. One of the main draws was that the proceeds from

state-run social insurances in former Communist countries would be paid in soft currencies that may or may not be worth something in a few years, whereas Austrian policies would be paid in a stable, hard currency, the Austrian schilling.



*Michael Crawford takes a break from exams by visiting a castle overlooking Budapest.*

Michaletsky also introduced me to the only surviving Hungarian actuary, a distinguished gentleman in his 80s. After the Communists took over, they thought that the title of "actuary" was elitist. There were no more private businesses, and thus no one was accountable for profits or losses.

Consequently, there was no need for actuaries. So, actuaries who had obtained their certification before the Iron Curtain had died or left the country.

Overall, Budapest was a great place to take an exam. About the only problem was trying to find paper goods to make notes with. I had a three-ring binder to keep my study notes in, but the metric system there requires an even number of holes for paper. I also couldn't find any 3" x 5" index cards. My mother airmailed me what must have been the world's most expensive index cards so I could make flash cards.

These problems were made up for by the fact that the best Irish music that I've ever heard was played each weekend at the John Bull Pub, an English chain of pubs that had made its way to Budapest. This is where I met a friend who worked in the Malaysian embassy, who gave me tips that led me to take my next exam in Malaysia.

I believe these experiences have helped prepare me to resume my career with a wide global perspective. **Michael Crawford has finished his travels and is ready to resume an actuarial career. He lives in Richardson, Texas.**

## Life specialty guide committee seeks new members

by Peter Duran

**T**he Society of Actuaries publishes specialty guides as a service to members who need a comprehensive reference for a particular topic. They are useful for actuaries who are new to a particular area, are changing their specialties, want to have a complete overview of a particular area, and want to become expert in a particular area.

The first specialty guide, published in 1990, was on "U.S. Taxation of Life Insurance Companies." Since then, the SOA has published 23 guides on many topics, ranging from individual disability insurance to life insurance company investments to GAAP accounting and Canadian pensions.

Specialty guides are more than reading lists. Specialists in the field develop each guide under the direction of an editor. Guides include an overview of the field and of the actuary's role, with a culled list of references with commentary, organized by subtopic. This commentary is a valuable aspect of specialty guides.

The Life Insurance Specialty Guides Committee is responsible for specialty guides on topics covered by this practice area. It is responsible for selecting topics for guides, for overseeing the development of guides, for recruiting editors, and for general quality control. Guides currently under development include reinsurance, dividends and nonguaranteed elements, and demutualization. The committee also envisions a guide for variable life insurance.

We are seeking more volunteers for the Life Insurance Specialty Guides Committee. The annual time commitment is variable but usually is less than 40 hours a year. Anyone who may be interested in serving on the committee should call Linden Cole at the Society office, 847/706-3595 or Peter Duran at his *Directory* number.

**J. Peter Duran is a partner in the New York office of Ernst & Young LLP and chairperson of the Committee on Life Insurance Specialty Guides. He can be reached by e-mail at [peter.duran@ey.com](mailto:peter.duran@ey.com)**