



Article from
International News
September 2017
Issue 72

The Actuarial Association of Panama

By Carlos Arocha & Concepción (Cuqui) Moreno

A country abundant in tropical plants and animals and most commonly associated with one of the world's most famous canals, Panama has been recognized since 2010 by the World Economic Forums' Global Competitive Index as the second most competitive economy in Latin America. Although revenue from canal tolls still represents a significant portion of the country's GDP, the development of commerce, financial services and tourism has contributed to robust economic growth over the past few years.

In actuarial matters, there has been significant progress over the past few years, especially in 2014 when the Actuarial Association

of Panama (AAP) was formally established as a nonprofit organization under Panamanian law. But the group called the *Asociación* had its genesis much earlier.

In 2002, Luis Martínez, a Panamanian actuary, presented a paper at the International Actuarial Association Congress held in Cancun, Mexico. Martínez was motivated by peers to form a local association and seek recognition from the International Actuarial Association (IAA). A major challenge to be faced was that there was no formal actuarial program in Panama.¹ Students interested in actuarial science—if they knew what it was—went to the United States, Mexico and Europe to get their actuarial education. Orlando Sánchez, a renowned Panamanian actuary, attended the inaugural actuarial science bachelor's program at Mexico's National University² (UNAM). Like Sánchez, many other actuarial graduates returned to Panama, and Martínez invited some of them to establish the *Asociación*. Twelve years later, the AAP was finally formalized.

Panama's insurance industry has enjoyed sustainable growth over the past few years. Today, the country has a direct premium volume of \$1.4 billion³ (with about 75 percent in non-life insurance premiums). The nominal growth rate has been consistently higher than the region's average. The steady growth of the



Panama City, Panama

insurance sector and the modernization of solvency regimes in other Latin American countries now require further development of the actuarial profession. To respond to the challenge, the AAP has launched a large-scale project to grow its membership.

Panama’s insurance industry has enjoyed sustainable growth over the past few years. Today, the country has a direct premium volume of \$1.4 billion.

In summary, the AAP exists to encourage the development of the actuarial profession in Panama and to keep pace with global changes through continuing education to foment the technical competencies to be a credible and well-respected profession. Its main objectives are as follows:

- To encourage cooperation among the actuarial science professionals in Panama
- To promote the highest standards in the actuarial profession through continuing education
- To develop education standards
- To be proactive in the profession locally and internationally
- To participate in developing professional standards of practice that encourage and guarantee the quality and integrity of the actuary’s work
- To maintain and promote its Code of Conduct and Code of Ethics among its members

A critical ingredient of the project is actuarial education. In May 2017, the AAP organized a workshop on Solvency II, covering the quantitative aspects of the “standard formula” of the European

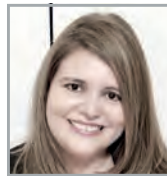
Directive. All 22 AAP members attended a one-day course that was taught by coauthor Arocha, and the workshop provided a few R scripts⁴ to pique the attendees’ interest on actuarial applications and insights. At the time of this writing, more workshops and seminars are being planned, given the positive feedback received.

What is in store for Panamanian actuaries in the years to come? With unprecedented global change in the age of qualitative turbulence, the AAP is reinforcing the role of the actuary to tackle present and future challenges.

The AAP hopes to make new international friends! ■



Carlos Arocha, FSA, serves with the Leadership & Development Section Council and is managing director of Arocha & Associates, an actuarial consulting firm based in Zurich, Switzerland. He can be reached at ca@arochaandassociates.ch.



Concepción Moreno is actuarial director of ASSA Insurance Company, based in Panama City, Panama. She can be reached at cmoreno@assanet.com.

ENDNOTES

- 1 A few years ago, the University of Panama established a master’s degree program in actuarial science, but it was then discontinued. There have been attempts (unsuccessful so far) to reestablish the program.
- 2 In Spanish, *Universidad Nacional Autónoma de México*. All acronyms related to Mexico are kept in their original Spanish form.
- 3 Swiss Re, Sigma 03/2016: *World Insurance in 2015: Steady Growth amid Regional Disparities*, March 2016.
- 4 R is an open-source programming platform.