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Actuarial Profession Takes Further Steps Forward in China

by David J. Alexander

Nankai University in Tianjin, China, was the venue for the International Conference on Risk Management and Actuarial Science during early September 2000. The conference had a variety of purposes:

- To debate the current status of actuaries and the profession in China
- To understand the different insurance regulatory regimes from around the world and how regulation might develop in China
- To present some technical material
- To give student actuaries some information on the practical aspects of the skills they have learned

The wide ranging agenda had drawn a varied audience of nearly 200 with the majority from mainland China, but also actuaries from Hong Kong, North America, Europe, and Australia. The attendees represented companies, universities, regulators, government bodies,

professional bodies, and the press.

The State of the Profession in China

The profession is in a development stage at present. A number of universities hold actuarial courses (including Nankai) and we witnessed the presentation to two newly qualified Fellows of the Society of Actuaries who have completed their studies in China. There was also a rousing opening speech by Professor Tuan Kai Lin, the Guest of Honor, who had been instrumental in the development of the Nankai University Actuarial Department.

While the education arrangements are developing well, there was concern expressed that jobs needed to be found for these students within insurance companies. Foreign insurers were already employing locally trained actuaries, but (with some notable exceptions)



local companies were not aware of the skills that actuaries can bring and the value that actuaries could add. This would be the next challenge for the profession.

Regulatory Regimes

There were various presentations about the regulatory regimes for life insurance in countries around the world and one describing the appointed actuary system in various countries. A representative of the regulator in China then presented a comparison of the different regimes and described the arrangement which China was following and the rationale for this.

He explained that China was constructing a regime with features similar to those from a number of different countries. The regulations mean that there is a combination of direct control on products (approval needs to be sought from the regulator on product terms and prices) and overall solvency regulation.

Technical Presentations

Actuarial skills are starting to be applied in the Chinese Insurance

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market. There was a presentation about a mortality study, and I presented on global mortality trends. Some other issues debated included the interest guarantees on life insurance policies, embedded value techniques, the development of unit-linked policies (which needs to go hand-in-hand with the development of suitable investments for the funds to use), and the possible development of medical insurance and managed care in China.

Practical Sessions

Many of the actuarial students present at the conference have completed extensive academic studies on actuarial theory. They were very interested in the presentations which included information on the practical aspects of the implementation of these theories. The development of practical experience is one of the prerequisites for the development of the profession in China.

A number of the presentations concentrated on such aspects as the implementation of a financial management cycle in an insurance company, the practical development of the insurance market in China, the progress of pensions reform in China.

Ceremony

There was also a ceremonial aspect to the conference. There was an exchange of gifts between Nankai University and the President of the Society of Actuaries in order to recognize their joint achievements over many years and also to commemorate the inauguration of the new Nankai/SOA Research Centre. There were also speeches by professors from the university, the conference sponsors, and local dignitaries.

Tianjin

During the breaks in the conference and the evenings, we were able to see a small amount of the city of

Tianjin. It has a population of some 9 million people and is an industrial city and port not far from Beijing. Apart from a large port, the most memorable features of the city were a very tall television tower with observation deck plus a large fun fair. In summary, an enjoyable conference and one where a significant amount of information was shared — I certainly learned a great deal myself!

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Members gather in front for the new Nankai/SOA Research Centre in China for a group photo.