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Actuarial Conference in Buenos Aires

by Jorge M. Noronha

On November 30 and December 1, 2000, the University of Buenos Aires (UBA) through the Faculty of Economics (FCE) organized an actuarial conference entitled "The Actuary in the 21st century — New Perspectives for the Profession: Goals and Challenges."

The conference took place in the facilities of the FCE, a beautiful old white stone building from the turn of the century. The audience was made up of UBA actuarial students and practicing actuaries numbering around 70 people.

The conference was inaugurated by the vice-dean of the FCE and then by an illustrious actuary who has had a very long and successful career in the Argentinean insurance industry. Both gentlemen highlighted the fact that the actuarial organization in Argentina had grown quite substantially from its humble beginnings nearly 70 years ago.

However, the number of actuaries practicing in Argentina is still small, and actuaries still primarily perform tasks related to complying with regulatory requirements. It may be interesting to note the fact that in Argentina, an actuarial program is only offered in the UBA. Shortly, an actuarial program will start at the "Universidad de Salvador" (also based in Buenos Aires).

The conference was organized around four main themes:

- Finance
- Insurance and reinsurance
- Mathematics and information technology



- Social Security

Some presentations were held concurrently, allowing for 27 presentations to be made in the two-day conference.

To give the reader an idea of the range presentations, the following table highlights some of the topics of the presentations.

Theme

Finance

- Inner workings of bond investments in Argentina
- Mathematical foundation of derivatives
- Investigations of the Argentinean capital market

Insurance and Reinsurance

- DFA research project in Argentina
- Current reinsurance products

- The role of the actuary in P&C insurance

- Mortality experience studies — Argentinean insurance table

- Critique of the current financial statements presentation

- Accounting and audit function in an insurance company

Mathematics and Information Technology

- Teaching aides for mathematics teachers
- Technique for the intelligent treatment of information
- Taking multi-criterion decisions (ELECTRE method)
- Increasing premiums in Social Security

- Current activities of the Statistics and Actuarial Committees of the Social Security Association

Social Security

- Employer-sponsored pension plans in Argentina
- Current situation of the workers compensation plans
- The new health care reality in Argentina
- Current situation of the pension annuity market
- Economic analysis of the Social Security market

Instead of going through the details of each presentation, I will instead summarize some of the ideas that I brought back from attending the seminar:

- ⌘ Financial statements have a number of flaws which have allowed a number of companies to be mismanaged and not be detected until they were insolvent. For example, certain debts have been misclassified as assets when they are really liabilities.
- ⌘ 78% of companies who have participated in benefit studies do not offer private pension plans. Of the companies that do, most of the employees covered are middle to senior management. This highlights the importance of the privatized Social Security plans and the reason this has been such a hot topic for the government.
- ⌘ DFA is currently being studied for implementation in the Argentinean insurance market. This is a four-year long project, which has just begun. The first

two years will focus on collecting research material from the US, Canada, and the U.K., while the latter two years will focus on the development of specific rules for Argentina.

- ⌘ Reinsurance transactions were not common prior to 1996 and have increased substantially since then. Alternative reinsurance is still rare, since direct companies are unwilling to part with more than a fraction of their premium dollars.
- ⌘ Most insurance companies in Argentina still hold a fairly liquid investment portfolio. Hedging is not too common, and the need for asset liability management is limited.

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Professor Pagliano made an interesting presentation of the current code of professional conduct for Argentinean actuaries and the

need for unification in light of the IAA membership.

On behalf of the SOA, I made a presentation on the new exam system. This presentation was well attended, and there was keen interest by the students to undertake these exams. However, some students pointed out the fact that the time frame for completing the exams was too long and that most local companies had not thus far been willing to support such a program, opting in favor of an MBA program. Lee Faulkner also made a presentation on the English Institute of Actuaries highlighting the fact that there are several organizations that administer the exams with the underlying philosophy being the same.

The conference ended with a presentation paying homage to the actuarial pioneers of Argentina. This was followed by a musical concert sounding themes ranging from bossa nova to more traditional tango tunes.

Overall, the conference was well organized. However it was unfortunate that the conference was held around the same time as the final exams at the UBA, precluding a large number of students from attending the seminar. Hopefully, future events will take this in to account.

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