



SOCIETY OF ACTUARIES

Article from:

# International Section News

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## Chairperson's Corner

by Jim Toole

I thought I would escape this issue without having to write my way out of a corner (so to speak), but Randy threatened to fill the space by blowing up my picture a la Chairman Mao. He has a unique and persuasive way of filling out his newsletter (we haf vays of making you write!)

The International Section was started nine years ago by Bob Collette, Curtis Huntington, Kevin Law, Chip Moes, and Camilo Salazar, among others. The initial membership quickly superceded the minimum requirements and grew rapidly. The section survived a crisis in Mexico in 1994 and another in Asia in 1997, as well as membership rate increases along the way. Buoyed by the certain

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## How We Helped Start the New Actuarial Profession in Kazakhstan in 2000

by Michael Sze

### Background

Many countries in Eastern Europe and Central Asia are in the process of revitalizing their economy. An important step in the development of the free market economy is the promotion of insurance and pension business as well as the consolidation of the social security systems in these countries. All such activities require strong technical support typically offered by the actuarial profession. Consequently, there has been a strong push for actuarial training in these countries.

In this spirit, as part of the socioeconomic reform in Kazakhstan, and in order to promote insurance and pension businesses, the Kazakhstan government planned the introduction of insurance laws and regulations in 2000, requiring the certification of actuarial reports issued by the insurance companies by qualified actuaries. Since there were no trained actuaries in Kazakhstan, there was the urgent need to train a group of qualified actuaries to perform the actuarial valuations. To expedite the process, it was decided that the initial qualification process would consist of two examinations covering the basic actuarial principles and mathematics, and



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- Repeat of the current basic training is needed to produce more fresh blood for the industry.
- There is a critical shortage of actuarial reference books in Kazakhstan. This critical shortage must be remedied as soon as possible. A library needs to be set up. Some planning for that is imminent.
- Representatives of the KAA participated in the International Actuarial Association seminar in Hungary and made a good impression among other participants.
- An actuarial library is set up in the National Bank of Kazakhstan. Books are being acquired to beef up their collection. This is not an easy task for a developing country such as Kazakhstan. International assistance will certainly be greatly appreciated.
- Further trainings are planned in 2001. There will be a repeat of the two basic courses respectively in March and June of 2001. There will be an advanced course in October 2001.
- Kazakhstan is now in the process of firming up its social security pension payment procedure and its insurance reserve regulations. Much professional guidance is needed.
- Kazakhstan currently does not have soundly constructed actuarial mortality and morbidity tables necessary for each area of actuarial calculations. The government actuaries are starting to collect data to construct such tables. However, there is a lack of experience on such constructions. Much guidance is needed.

#### Follow-up

Many progresses have been achieved since my previous report.

- The Kazakhstan Congress has approved all regulations regarding the Qualification procedure. The 16 actuaries are all certified.
- The Kazakhstan Actuarial Association (KAA) has been formed in September, 2000. Five

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### *My Trip to Budapest*

*by Norm Crowder*

In late September, Howard Bolnick and I represented the Society of Actuaries at a meeting in Budapest, Hungary for leaders of the actuarial societies of the emerging nations of Eastern Europe. This is one of a series of seminars sponsored by the Advice and Assistance Committee of the International Actuarial Association (IAA) every 18-24 months, to assist these new actuarial leaders in defining their educational and professionalism needs as their financial services and social security systems evolve. The principal organizers of these conferences have been the Institute of Actuaries staff and Chris Daykin, the U.K. government actuary.

In Budapest, there were some 26 countries represented from the Eurasian region. Some are associations that are well into the development of their educational programs, such as Poland, Hungary, and Russia. Others have just been organized in the last 1-2 years. The newest was Kazakhstan which had just certified its first eight members as actuaries as the result of an actuarial training program organized and taught during the summer of 2000 by Mike Sze and Charles McLeod, Canadian members of the Society.

This three-day seminar, which was hosted by the Hungarian Actuarial Association, consisted of reports from the various associations on the state of progress and issues they face in developing their educational and other processes. These presentations yielded much useful discussion about ways to move forward on many issues. Some groups intend to develop academic programs for teaching actuarial science. Others intend to facilitate use of the Society and Institute exams. Most will likely develop a simplified system of basic actuarial education and examinations. All of these associations are ultimately seeking to meet the IAA's minimum educational standards, which are effective in 2005. The Society and Institute representatives were asked to offer insights and advice where helpful.

Other issues that were discussed were the development of a code of professional conduct and a disciplinary process. In most of these countries, these matters are evolving slowly with the basic education process having a top priority.

The participants considered this Budapest meeting a very worthwhile effort. The IAA plans to hold the next such conference in spring or summer of 2002. I believe that the Society should continue to support these IAA conferences and to continue to build its early efforts to offer support and assistance to these emerging actuarial societies.