



SOCIETY OF ACTUARIES

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Actuarial Society of Malaysia Hosts IAA Meeting

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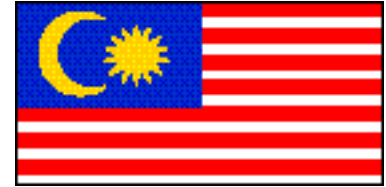
The Actuarial Society of Malaysia (ASM) hosted the Second International Professional Meeting of Leaders of the Actuarial Profession and Actuarial Educators in Asia and the Pacific in Kuala Lumpur, Malaysia on January 12 to 14, 2001. The conference was convened by the International Actuarial Association. Catherine Prime, Chris Daykin, Yves Guerard and Max Lacroix represented the IAA at the conference. The theme of the conference was the profession of actuary and its role in protecting the public interest. The first meeting was held in Singapore in 1995.

The Director of Insurance Regulation of the Central Bank of Malaysia, Zakaria Ismail officiated the conference. There were 85 participants at the conference inclusive of 50 international participants

from 19 countries. Chris Daykin from the UK Government Actuary Office was the primary coordinator of the conference, and the ASM assisted in making the local arrangements regarding the meeting venue facilities.

This conference was a significant event for the actuaries in Malaysia as this was the first international gathering of actuaries in Malaysia. There were quite a number of participants who were visiting Malaysia for the first time and were quite impressed with the infrastructure development in the country especially having the tallest building in the world right outside the meeting location, which is also the scene from the movie "Entrapment" with Sean Connery.

The conference aims to bring together from Asia and the Pacific a representative group of leaders of national actuarial associations and



those concerned with actuarial education, including supervisors and regulators of financial institutions. The primary objectives of the conference are:

- The development of the actuarial association as a professional body
- Implementing a code of conduct and disciplinary procedures
- The role of the actuary and the actuarial associations in the regulation and supervision of insurance companies and pension funds
- The role of actuaries in general insurance
- The establishment of the actuarial profession in developing countries.

The conference started with the representatives from each country presenting the development of the actuarial profession in their respective countries.

It is interesting to see that some of the countries in Asia have their own education systems towards professional qualification as an actuary. As the actuarial profession expands globally, there will need to be some coordination by the IAA with the actuarial organizations to prescribe some minimum standards for qualification for actuaries to practice outside their home country.



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There were various working papers presented and breakout discussions in the areas of pensions, health insurance, property/casualty, and professionalism. There were some concerns about the professionalism of actuaries in Asia as the qualifying bodies in the U.K. and U.S. do not have much resources dedicated to monitoring professional standards outside their home countries. Furthermore, most of the local actuarial societies in Asia do not have a formal disciplinary process to enforce full compliance with professional standards of practice or code of conduct.

Another area of concern is the lack of proper teaching facilities and corporate support for students wanting to pursue the qualified actuary designation.

I fail to understand why corporations who have businesses in Asia with head offices in the United States and United Kingdom do not offer the same actuarial benefits to help their students in Asia pass the exams. There are multinational insurance companies in Malaysia with limited or no support for students with the exam fees and study material.

The actuaries should dedicate more effort to portray themselves to be more than just technicians sitting in a small corner crunching figures for reserves and premium rates. Unfortunately, due to lack of actuaries in the traditional roles, a large percentage of qualified actuaries are still performing the core traditional actuarial work in Asia.

As the number of qualified actuaries increases, they ought to be in positions involved in setting the strategic direction of insurance

companies and financial management. Strong communication skill is a major asset for actuaries to succeed in this area of the business, and we have the educational background to help us accomplish this objective.

The senior actuaries have the responsibility to pave the way for the younger actuaries to succeed in this profession as described in the "Big Tent" theory.

There are very few qualified actuaries in the teaching profession in Asia where students can easily seek assistance with their exams. The working actuaries are too busy to dedicate any time to helping the students with their exams.

Thus, the rate of new qualifying actuaries is very low in the South East Asian countries. The same students would have better chances passing the exams if they were working in the United States or United Kingdom. I believe the type of work exposure does play a role in helping the students with the exams.

The role of actuary in Asia in the field of general insurance (property and casualty) is almost non-existent. In some countries, unearned premium reserves and IBNR for general insurance do not require a qualified actuary to sign

off. A representative from the Casualty Actuarial Society, LeRoy Boison, attended the meeting and informed the

participants that the CAS is beginning to focus some effort towards "marketing" the CAS outside the United States. With this initiative, more students will be aware of the CAS exams, and the regulators will soon realize the importance of

casualty actuaries in general insurance.

The presentation on healthcare financing and health insurance by Tom Snook from Milliman and Robertson provided an interesting insight into the pricing mechanism of health insurance in the United States. The role of an actuary in health insurance is relatively new in Asia as the market for health insurance continues to grow rapidly. Lack of data and poor IT infrastructure seem to be the primary issues facing most insurance companies in managing the profitability of their health portfolio. Most companies price their health products based on reinsurance rates or by looking at what their competitors are charging. To make matters worse, the providers are not utilizing standard reporting codes for diagnosis and treatment for actuaries to analyze the claim experience for pricing and reserving.

Overall, the meeting was very successful as the participants were able to raise important matters for discussion on topics which are more specific to the profession in Asia. The entertainment during the dinners was also quite enjoyable as Chris Daykin took the stage with the band to sing a traditional Malay farewell song.

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