



SOCIETY OF ACTUARIES

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Chairperson's Corner

by Jim Toole

By the time this has been published, there is no telling what might have happened. This has, of course, always been the case, but the range of possibilities contained within one or two standard deviations from the mean has been broadened significantly, sickeningly.

I find myself in the incredible situation of being stranded in the United States, waiting to return home to my family in Mexico. In my previous column, I mentioned weathering international financial crises in Mexico and Asia; today we face a far greater crisis, and far

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Modeling Latin American Annuities

by Thomas E. Leonard

In the United States today, there is much talk about the effect of the "baby boomer" generation ranging from the effect on our Social Security system, the increased market for health-care products, as well as the effect that their withdrawals will have on the stock market. Yet overseas, there is a revolutionary change taking place that is much more fundamental than simply an aging population. As this article is being published, there are numerous countries that are seeing the first generation of their population retire with an explicitly described and funded social security benefit for each of those individuals.

In 1981, when Chile passed a radical social security pension reform, it was the beginning of a tidal wave of reform that has spread rapidly through the developing world in general and through Latin America in particular.

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welcome new members Rejean Besner of Transamerica, Mike Enright of AIG and Yiji Starr of John Hancock.

We would also like to present our readers with articles by a number of gifted writers. Tom Leonard examines the intricacies of modeling annuities in Chile, Columbia and Mexico, while Jorge Noronha describes Argentina's economics, recent government reforms and the current insurance environment.

Bruce Auchinleck and Hubert Mueller discuss the increasingly worldwide issue of declining worker-to-retiree ratios, and how that is being addressed in Germany. Dave Gulland gave a talk in Dallas on the need for private LTC insurance in the U.K., and has he been kind enough to share this with our readers. We tried to organize a country "report card" effort, in which indi-

viduals would give recent statistics and news from their country. The one volunteer we had was Alan Twigg, who updates us on the U.K. market. Wrapping up Europe, Andy Giffin has outlined a variety of topics that were covered at the IIS meeting in Vienna in July.

Moving to Asia, Ram Mulgund has written a follow-up article to one he wrote for us over a year ago. He describes the progress of the opening up of India to foreign insurers (with Indian partners). Asia also has a success story to tell in Pat Kum's write-up on the Professional Development seminars, which have made it more convenient for Asian students to obtain credit needed toward the FSA.

If you are new to working in a global economy, or are considered expanding into new locales around the world, you should not have missed the International Company

Start-Up Seminar, which was held April 30th-May 1st. It provided an overview of what's involved in going global, complete with case studies. We also have included information about the Pacific Rim Actuaries Club in Toronto, our recent minutes, and an announcement for the International Health Seminar to be held during the first half of the ICA 2002 in Cancun.

Last but certainly not least, we include the survey results. Thanks to each of you for responding. I appreciate the suggestions about the newsletter. And I want to, again, thank the authors for all of their hard work to enable us to meet our readers' needs.

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greater uncertainty in the months and years to come. After the rubble has been cleared away, bodies counted, other questions, trivial by comparison, but for me, just as unavoidable, spring to mind: What will be the impact on capital flows? Will capital be stranded as well? What about exchange rates? Discount rates? Insured losses? Risk transfer? Whither the "global economy," which takes for granted certain fundamental freedoms, called into question as surely and as effectively any protest in Seattle or Genoa?

It is in this maelstrom of uncertainty that three of us (Mike

Gabon, Ronald Poon-Affat and myself) take our leave of the section council. We have worked closely with so many people in our three years, and it has enriched us beyond words; we are fortunate to have had this opportunity. Thanks to all who have worked so hard to shape the section into what it is today, taking ideas from so many sources and turning them into reality. We hope you continue to take advantage of some of our special offerings, in particular the jointly sponsored seminars. Without your participation we will be restricted in the kinds of educational opportunities

we will be able to provide in the future.

If you are interested in getting involved, or if you have suggestions or feedback, do not hesitate to call anyone on the Council. We leave the section in capable hands - yours.

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