



SOCIETY OF ACTUARIES

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# International Section News

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# Presidential Musings

by Harry Panjer

**S**pring should have arrived where I live by the time you read this. I'm writing this column on the evening of Saturday February 15 in China. It is the last evening of the Spring Festival which follows the Chinese New Year's celebrations. For my 13th floor hotel room, a blind person would think that a war has started. The sound of constant gunfire, both small and large weaponry has echoed through my room for the past several hours. It is actually the sound of fireworks going off throughout the city, in streets, in alleys and from rooftops. My initial thoughts were that this would never be allowed in the USA or Canada. Just too dangerous. The only expression I hear from the Chinese about the fireworks is "Very beautiful." Yet I expect to hear about no serious damage or injuries tomorrow. We have different cultures, attitudes, perspectives and approaches to issues facing us.

The actuarial profession has become highly respected in China as the insurance sector expanded. There are almost 30 life insurance companies, more than half joint venture companies with American, Canadian or European partners. Just this year, the non-life sector was liberalized and there is now a great need for trained P&C actuaries.

Some 15 years ago, the SOA became the first foreign actuarial association to assist China in developing actuarial professionals by sending instructors and books to one university. This investment has paid off handsomely. There are now about 20 universities offering actuarial programs in China. Last year there were some 1400 persons writing SOA exams in China!

Although the SOA's motivation in supporting the development of actuarial science in other countries has been the development of the local profession, an additional result will be significant growth of SOA membership outside North America. The SOA and its predecessor organization, the Actuarial Society of America, were organized as bi-national bodies. Hence the eagle and the maple leaf on the SOA crest.

There is similar, but less dramatic, growth in SOA exam-takers in other countries, mostly in Asia, but also elsewhere. In 2002, close to 20 percent of Course 1 exam passers were from outside Canada and the USA. This percentage has been increasing dramatically over the past few years. (see Table 1) For the first time, the number of successful Course 1 Canadian candidates has been surpassed by the combined rest of the non-North American world.

**Table 1**  
Course 1 distribution by country

Country	2000	2001	2002
U.S.	69.9	67.4	64.8
Canada	18.4	17.6	16.5
Other	11.7	15.0	18.8

**Table 2**  
Course 1 growth by country

Country	2001/2000	2002/2001
U.S.	30%	31%
Canada	30%	28%
Other	74%	71%

These growth rates by country in the absolute number of Course 1 exam passers shows dramatic differences between North America and the rest of the world. (see Table 2 on the previous page). The rate of growth is more than double that of North America.

As actuaries, we know that down the road, this growth, more rapid growth rates outside North America than in it, will translate into changes in the demographics of SOA, and reflect with a greater diversity of location of our members in addition to greater diversity in cultures, attitudes, perspectives and approaches.

Is this what we want for the SOA? International growth is a two-edged sword. It can be good for business. North American companies, both insurers and consultants, wishing to do business in new markets can have access to local actuarial talent if we, SOA members, are there already. The globalization of individual corporations, of many

industries, and of the entire economy will undoubtedly create an increased demand for broadly recognized and highly respected professional designations such as the FSA. On the other hand, the SOA Board will need to think about how, in the future, the SOA can provide services to members in many parts of the world. It will undoubtedly require a broadening of the focus of meetings, seminars and other CE offerings.

My own perspective is that growth of the SOA is good for the organization. Even though internationalization may not be of direct interest to most individual members as it doesn't benefit them personally, I think that the value of the SOA's credentials become more highly valued overall as those credentials are more broadly recognized. It is a great credit to the SOA that persons in so many countries are choosing to take our exams.

Remember the old Chinese saying "May you live in interesting times." □



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## See You In Orlando!

**A**s you know, the annual meeting of the Society of Actuaries will be taking place in Orlando, Florida from October 26 to 29. As usual, some of the sessions will be focused on the needs of the members of the International Section. These will include:

### Trends In Distribution

This session will focus on distribution issues faced by insurance companies operating in markets outside of North America. Companies seek to improve productivity in existing channels as well as develop new channels. In some markets, regulatory changes are allowing companies to develop new distribution channels like bancassurance. The panel will review recent developments and trends in some international markets regarding both traditional and new distribution systems.

### Management Of International Operations

More and more, life and health insurance companies have operations in various markets around the world which create new management issues for the enterprise.

The panel will discuss their experiences, challenges and the perceived advantages and disadvantages of various approaches to managing international operations including discussion of:

- Cultural differences
- Financial reporting requirements

- Systems
- Human resource environment

### It's Thursday Morning, I Must Be In Seoul

Actuaries are increasingly in situations where they have to perform actuarial work that may fall under different legal jurisdictions and/or be subject to various codes of conduct. This is obviously the case when a member is traveling and working in different countries, but it could also be the case even without leaving their desk! It is essential for actuaries to understand how their professional responsibilities may change when operating in different environments.

In this session, the panelists will share their experience working in different markets and highlight the professional responsibilities of the actuary in such situations.

In addition, members of the section will be able to experience an evening of desserts, networking and fireworks at EPCOT. This will take place on the United Kingdom terrace where we will enjoy desserts, coffee, tea, lemonade and a cash bar while meeting other members of our global community and end the evening with the spectacular show of lights and fireworks.

I hope to see you in great numbers at these different sessions. □

*Rejean Besner*

