



SOCIETY OF ACTUARIES

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## Buenos Aires Seminar a Rousing Success

by Ed Robbins

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Until 1997 the Society of Actuaries had never held seminars outside the United States. Shirley Shao broke fresh ground in that year with four very successful—and well-attended—seminars in Asia. On her enthusiastic return (is she ever anything but enthusiastic?), the Financial Reporting Section Council began thinking of other parts of the world in which two items in particular were present:

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significant interest in North American actuarial financial reporting developments and emerging significant insurance markets. It all culminated in a two-day seminar on August 18 and 19, 1998 in one of the world's most beautiful cities, Buenos Aires, Argentina. The Council sponsored the seminar and invited the actuarial communities of Argentina, Chile, and Brazil to attend. Much to our pleasant surprise, we had over 200 registrants from those countries, and the seminar was a great success. In addition, there were about 20 attendees from the United States.

The seminar was put together primarily because the Financial Reporting Section felt that there was a need to

speak to several subject areas of interest to actuaries practicing in Latin America. GAAP accounting is necessary for Latin American subsidiaries of U.S. parents. Additionally, GAAP accounting is necessary for any Latin American company that wishes to enter the capital markets in the United States. Cash flow testing, as we are aware in the United States, is a far more comprehensive way to evaluate reserve adequacy and company viability than traditional methodology, primarily because it brings into consideration the asset side of the balance sheet, and it is not a tool that is regularly used south of the border. It was

also felt worthwhile to discuss the major aspects of mergers and acquisitions, due to the significant amount of such activity taking place over the last few years in South America and the emphasis on embedded value in the acquisition process. Finally, inquiries with local actuaries resulted in a significant perceived need for discussion of actuarial audit techniques.

A second reason to put on the seminar was to foster closer relationships between the actuaries practicing in both these parts of the world. We all gained further insights into actuarial adaptation to our respective markets and economies and the differences between our respective education and examination systems. Beyond that, we started some very strong friendships between our two communities.

The local sponsor of the seminar was the “Professional Council of Economic Sciences for the Capital District of Buenos Aires.” The Council has about 40,000 members, consisting of accountants, economists, and actuaries. The



Council permanently occupies a modern building in downtown Buenos Aires. The facilities were beautiful and functional, and the seminar was handled in a highly professional manner by the local staff of the Council down to the small details, including excellent simultaneous translation facilities. Dr. Simon Groll, a member of the Board of Directors of the Council, opened and closed the seminar.

The faculty members doing the presentation were all members of the Society of Actuaries: Edward Robbins, Peter Duran, Carl Harris, John Nigh, Antonio Gonzalez, and Camilo Salazar. As noted below, several of us served double duty, presenting on more than one session.

Peter Duran and John Nigh spoke on GAAP topics first. Basic GAAP concepts and principles were covered, followed by the details of the rules, and pragmatic insights. This discussion was detailed enough to include, for example, such abstruse concepts as the SFAS 115 “Shadow DAC” and deferred taxes.

Carl Harris covered the appointed actuary's role in the United States and discussed the heavy current emphasis on cash flow testing and the regulatory requirements. Peter Duran then came back on stage and dealt with advanced cash flow testing topics, including uses of the cash flow testing process and how to get significant useful by-product information out of the process.

I was next, as I served the double duty of seminar coordinator and faculty member. I covered the actuarial aspects of auditing and the external auditor's perspective on the audit process. I went into some excruciating detail on reserve reviewing methodologies and stratified sampling techniques and somehow managed to keep a few people awake during the session. John Nigh then returned to the podium and dealt with a



related topic—the actuary’s role in the due diligence process.

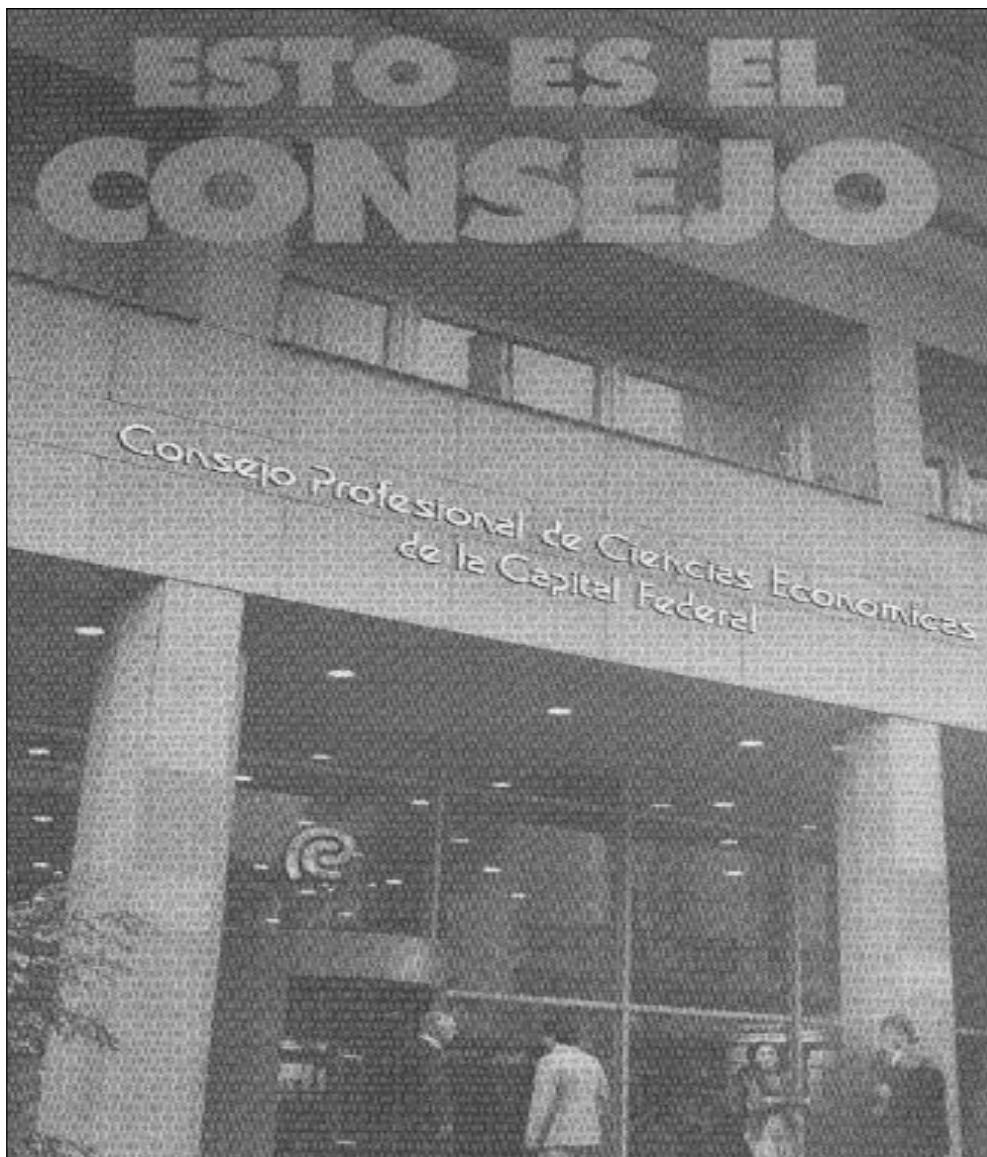
Camilo Salazar and Antonio Gonzalez wrapped things up with the mergers and acquisitions environment in the United States and Latin America. They gave a brief recent history of acquisitions in this hemisphere and discussed the actuarial appraisal process in some detail.

I would like to express my great appreciation to the many people involved who helped make this seminar a success. Coordination between the actuarial communities in four countries is not a simple thing. The faculty, the administrative staff of the local Professional Council, the Society of Actuaries staff, and the many volunteers from the actuarial organizations in Argentina, Brazil, and Chile all deserve our thanks for making this seminar a success.

The Asian and South American experiences have been so positive that the Section Council is contemplating two more foreign-based seminars. One is for the Caribbean actuaries and a second would be for emerging countries in eastern Europe. The local participants and the panel leaders have been so enthusiastic that the Section Council feels mandated to continue riding the rails of the education train on North American life company financial reporting practices.

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### *Pictures from Buenos Aires Seminar*



**Top Right:** Entrance to the Professional Council of Economic Sciences for the Capital District of Buenos Aires modern headquarters.

**Bottom:** Hosts, speakers and spouses pose at the banquet. Front center, Marcelo Artana, Chief Administrator of the Professional Council; Back, 3rd from left, Dr. Simon Groll, Sponsor Delegate and a Director of the Council. Back, 1st, 2nd and 3rd from right, speakers Carl Harris, Peter Duran and Edward Robbins.

