



Chairperson's Corner

by Jim Toole

As incoming chair, in the year to come I will have the honor of working closely with SOA super star staff liaisons Martha Sikaras and Barb Choyke, incredibly motivated volunteers like newsletter editor Randy Makin, eight completely dedicated Council members, and our unbelievable Ambassadors sprinkled like so much actuarial leavening in over 30 countries.

The expanded council met at the SOA annual meeting in Chicago with both new and old members to establish the budget and the agenda for the year to come.

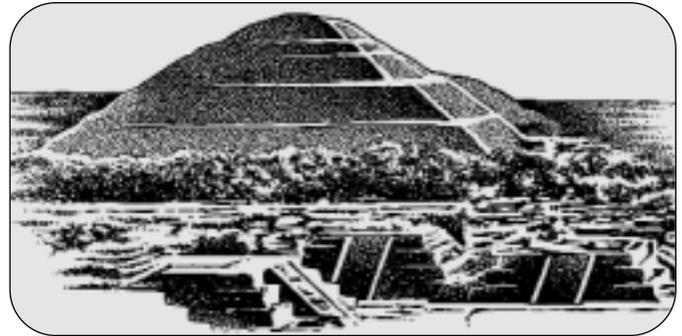
One of the Council's first steps was to raise section dues to \$20. Our current surplus of approximately \$40,000 (120% of annual

(continued on page 3, bottom)

Hoy es Miercoles

by Michael M. Braunstein

Normally, when the morning alarm goes off or the telephone wake-up call arrives at 7:30 a.m., I get up, shower, and get ready for another busy day. But when it happens that only one hour earlier I was



crawling into bed for the night, that wake-up call is not so welcome. But, I'm getting ahead of myself here. Let me go back to the beginning or close to it.

Seventh grade

Mrs. Glick. Spanish class. "Today is Wednesday. Hoy es miercoles. Repeat, por favor." Well, I didn't repeat the phrase and, as a result, I almost repeated Mrs. Glick's Spanish class. After one semester in Español, it was Latin for me. It would take more than 25 years for me to realize that I should have listened to Mrs. Glick, but realize it I do...now.

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Editor's Note

by Randy Makin

Every fifteen minutes or so, I throw another log on the fire. I am quickly using up all of my Y2K wood in one of the coldest Decembers Kansas City has ever experienced. My new boss came from Dallas in October, and I told him December was cool, January frigid, and all the snow tended to come in February or March, and melted quickly. Ice and snow have now lain on the ground for several weeks, the temperature has dipped below zero, and he has investigated enrolling me in the local chapter of the Liars' Club. It is only natural to sit back, enjoy the

warm fire, and dream of faraway places.

The first thing that comes to mind in escaping the winter weather is to go south.

Michael Braunstein leads off this issue with a delightful description of his travels to Puebla, Mexico, for the Conference of Actuaries in October. Jorge Noronha, one of our new Section Council members, wanted to see more articles on Latin America and contributed one himself on the Actuarial Conference in Buenos Aires.

Some parts of Asia are always warm. Jeff Newnam gives us a quick update on pension funds in Indonesia. Norm Crowder was kind enough to give us a summary of his trip to the Far East last summer. Rounding out a trip to Asia is David Alexander's write-up of the risk



management conference in Nankai. We have also included invitations to attend the East Asian Actuarial Conference in Hong Kong in October, 2001, as well as the Pacific Insurance Conference in Banff in September.

One of the most important aspects of the International Section is the Ambassador program, which enables us not only to learn about

INTERNATIONAL SECTION NEWS

Issue Number 24, February 2001

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This newsletter is free to Section members. A subscription is \$10.00 for nonmembers. Current-year issues are available from the Books Department. Back issues of Section newsletters have been placed in the Society library and on the SOA Web site (www.soa.org). Photocopies of back issues may be requested for a nominal fee.

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The Society assumes no responsibility for statements made or opinions expressed in the articles, criticisms, and discussions contained in this publication.

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developments in other parts of the world, but also to meet the needs of students, Associates, and Fellows who live outside the United States and Canada.

Hans Wagner has written an article giving us an overview of the program, and we have included Martha Sikaras' Winter 2000 Ambassador Report. Those who are interested in receiving this report on a regular basis should contact Martha at the Society office or at msikaras@soa.org. Martha has also worked hard to write up several reports: one regarding exam fee discounts for qualified candidates, one on the International Section

Breakfast at the Chicago meeting, and one summarizing the IAA Council meeting.

Several other items should prove to be of interest to our readers. First of all, building on the success of prior seminars, we are planning on jointly hosting an International Start-up Workshop with the Non-Traditional Marketing Section. Lisa Kuklinski-Ramirez has written an article on this and has also provided us with the Section's 2001 budget. We want all the members to understand how their Section dues are being spent, and Lisa and Jim Toole would welcome any questions on this. We have also received

permission to reprint an article from LOMA, which addresses common human resource issues in global companies.

Lastly, I'd like to thank Jim Toole for his encouragement and support on this newsletter. Jim has worked hard to help move several articles from the conceptual stage to their final form, and has contributed his Chairperson's Corner as well. Thanks, Jim!

Randy Makin, FSA, MAAA, is vice president of Reinsurance Actuarial at Business Men's Assurance Company in Kansas City, MO. He can be reached at rmakin@bma.com.

Chairperson's Corner

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expenses) is available to fund special projects brought to our attention by the council members, Ambassadors, and you, our members.

Without this dues increase, our surplus would have disappeared in four years or less, severely restricting the types of services we think you want the Section to provide. A breakdown of Section expenses follows:

Section Admin.	32%
Newsletter	31%
Meetings	22%
Special Projects	15%

Approximately a third of the budget goes to pay for fixed charges allocated to the Section by the SOA. Our next largest expenditure is the printing and distribution of the newsletter.

Due to the size of our newsletter and the wide geographic distribution of our members, our distribution costs are somewhat higher than other Sections. We will

experiment with electronic distribution this year, and will be soliciting your feedback.

Meetings have been the domain of Mike Gabon for several years. The Section has been fortunate to have someone as capable and dedicated as Mike handling this important and time-consuming task. If you have any ideas for meeting sessions or want to help, call Mike.

This year we have a specific amount budgeted for special projects. The Section receives requests during the course of the year from members, Ambassadors, and other actuarial organizations to provide support for various projects.

This year, we have budgeted \$5,000 and would encourage you to contact any council member if you have a specific project in mind.

We are planning to bring one or more seminars to fruition this year, with our first to take place in the spring in conjunction with the Non-traditional Marketing Section. VP Lisa Kuklinski-Ramirez will be working on this project, which is

sure to be fun AND educational (see article).

Finally, the Ambassador program is near and dear to the Section's heart. Its impact is truly felt around the world, and we are fortunate to have the able-bodied and high-spirited Hans Wagner heading up the program (see article).

The Sections were formed to serve members. If you have any questions or comments about these priorities, or wish to volunteer your time and energy, feel free to contact me at Jim.Toole@milliman.com or (303) 672 9046.

Jim Toole, FSA, MAAA, is a consulting actuary at Milliman & Robertson Inc. in Denver, CO.



*Jim
Toole*

Hoy es Miercoles

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September, 2000

As President of ACTEX, I receive a letter from the Society of Actuaries' Latin American Committee. Would my company be willing to donate SOA Course 1 ACTEX study manuals to the committee for use in a 2-1/2 day exam seminar scheduled in conjunction with the three-day 12th Conference of Actuaries to be held at the Universidad de las Americas (UDLA) in Puebla, Mexico, next month? I am told that this could ultimately lead to a whole new market of actuaries in Mexico and, in fact, throughout Latin America. The decision is an easy one. My only question: Can I attend and personally meet the recipients to tell them a bit more about what my company offers? With a "yes" from me and a "yes" from the committee, I begin packing my bags.

Within days, I am contacted by Eugenio Andraca, President of the UDLA student council, the sponsor of the conference. He has learned that, in my prior life, I ran an actuarial recruiting company and wants to know if I can speak on career planning for actuaries. Before I know it, I am asked not only to meet with the sixty seminar students on Tuesday afternoon, but to present to the anticipated 200 conference attendees on Wednesday (Miercoles) morning. If that is not enough, I am asked to participate in a round table that same afternoon with the President of the Society of Actuaries, the Presidente de la Asociación Mexicana de Actuarios, the Presidente del Colegio Nacional de Actuarios and others on the topic: The Actuarial Profession: The Similarities and Differences among



Mexico, the United States, and Canada. Sure, I say, why not!

October, 2000

Following the Society of Actuaries meeting in Chicago and a brief Greyhound bus excursion to see my eldest daughter in Iowa City, I fly into Mexico City late Monday night. I don't drink the water despite the okay on the Marriott's sink and, Tuesday morning, await my transportation to Puebla, a two-hour ride through countryside which resembles, oddly enough, my home state of Connecticut — the one notable difference, the smoking volcano as we approach Puebla. The ride is quite informative as my host, Alberto Herrera, a member of the UDLA student council, is also an actuarial student who successfully completed the first SOA exam in May. He is one of four UDLA students who passed. He explains the program at UDLA and tells me about his ongoing actuarial internship as part of the curriculum's service requirement.

My first stop in Puebla is my hotel (the real thing) where my room is within a courtyard and secured with doors about five inches thick, which lock by virtue of a twelve-inch skeleton-type key and a wooden bolt that pushes through from the inside. I feel like Zorro. After a few minutes of settling in, I am whisked away to the University, about a seven-mile trip which I will again make about a dozen or so times, each arranged precisely with other members of the student council and friends pitching in to help. I ride with Luis and Miguel and often with Eugenio.

Each trip is enlightening as I learn about UDLA, the students' views on becoming actuaries and, of course, the conference. I learn that eight universities are represented, that 60 students have come

by bus from UAEM (the Universidad Autonoma del Estado de Mexico) in Toluca and that the actual attendance is more than double the 200 originally expected. I begin worrying about having enough handouts.

My visit with the seminar students goes well. Despite my shortcomings in the language (English as well as Spanish), the students seem to understand what I say. They laugh when I expect that they will; they ask appropriate questions; and they seem delighted with the materials my company provided. Were it not for the fact that my attire that day matched exactly what I was wearing when my office slide-show presentation was created, all would have been perfect. They get a kick out of that and, admittedly, so do I.

That night, Rob Brown, the SOA President, hosts a dinner for several of the speakers who have arrived, and we get a chance to meet with several of the student council representatives in an informal setting.

We eat chalupas, have a few cervezas and stay up later than we should. On this evening, I meet my now good friend, Hugo Morales, who it appears, is Mexico's answer to me. Though others may not appreciate his wacky sense of humor and outgoing style, I must admit that I do. Perla Carino and Victor Enciso round out the student council, and they add much merriment that night, too.

The next morning, the conference begins with Rob Brown's talk on Social Security. My session on career planning follows and, sans interpreters, everyone seems interested and participates in the interactive nature of the session. Fernando Troncoso speaks next on the topic: The International Actuary: His Position and Contribution in the Globalization of the Economy. Fernando, though President of a Virginia-based consulting group, is a Mexican actuary and, consequently,

addresses the group in Spanish. I have no idea what he is saying, but the reaction from the attendees is one which any presenter would envy. The students are literally on the edge of their seats and mesmerized by his remarks.

After a group photo opportunity and a late lunch (the major meal is eaten at about 2:00 p.m. in Mexico), the conference continues with the roundtable discussion. Rob Brown, Warren Luckner (the Course 1 Seminar instructor), and I all speak in English. The Presidents of the Mexican actuarial organizations speak in Spanish. I am not certain if there is any repetition between what the U.S. and Canadian actuaries have to say versus what the Mexican actuaries have to say. But, if there is, that repeated message would be: The actuarial career is a good one. The North American exams are an important step in the credentialing process and, in an ever-increasing globalized economy, the ASA and the FSA designations are keys to success. At present, the designation in Mexico is not attained by examination but, rather, by degree from accredited university actuarial programs.

With the third of my three presentations behind me and still two days to go before my departure, I set my sights on meeting and learning about as many of the attendees as I can. On Wednesday night, the council has arranged "Noche de Casino," a night at the casino for all those attending the conference.

With free play money handed to us at the door, we are given the opportunity to play blackjack and roulette and to increase our winnings in other wild ways. We can then use our winnings at auction at the end of the night. I choose roulette and, with the aid of an English-speaking new friend, Maria Paulina Bernaldez, who explains some of the local nuances to me, I win a great deal of money. Unfortunately, others win more

and, even after pooling my funds with Paulina and her friends, I do not win any prizes. The prize this night is the new friend I have made.

Like Wednesday morning, Thursday morning arrives too soon. But, off I go with arranged ride back to the conference to hear six presentations — all but one in Spanish. Amazingly and with the help of audio visual aids which depict mathematical and statistical applications, I find that I can actually understand the thrust of what is being presented. It is at this time that I decide that Mrs. Glick was right, and that I want to learn Spanish.

The six sessions involve marketing, cashflow testing, modeling, pensions, population projections, and Social Security in Mexico. One of the six (on cashflow testing) is presented by Jim Toole, President of the Latin American Committee and the author of the original letter asking my company to help. Jim had been to Puebla in the past and knew how important the SOA connection could be to the students.

He had easily convinced me and, today, I find that I am spreading the word. Anyway, the one presentation that I thought would be in English turns out to be in Spanish as well. Jim's command of the language is quite remarkable, and he does a terrific job of connecting with the students.

At the end of a fairly long but interesting day, one might want to head home for some rest. But, this is Mexico. The student council has arranged another evening for us, this time the "Fiesta en la Roka," an open bar party (tequila, cerveza, etc., though I opt for Diet Coke) at an all night disco not too far from campus.

The music BEGINS at midnight and, once it starts, it never stops. I arrive back at my hotel room at a little after 6:00 a.m., at which time I pack, shave and, finally, go to

sleep. As you already know, my wake-up call arrives about an hour later.

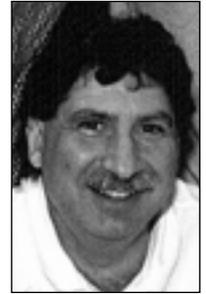
My last morning at the conference includes two sessions, the first (in English) on Asset/Liability Management and the second (in Spanish) on Derivatives. Then, after a third day of heretofore not mentioned but wonderfully delicious and authentic Mexican lunches, the last two sessions conclude. One involves population surveys and the other entails Financial Mathematics. Thank goodness that I find the topic of Financial Mathematics of such interest because my lack of sleep is fast becoming a factor in my ability to pay attention.

Though I need to get back to Mexico City to catch an early morning flight on Saturday, I do have time to participate in the last social event of the conference, "Tarde de Golfito" or, as we in the United States know it, miniature golf. My soulmate Hugo and I trade par for par, bogey for bogey, and birdie for birdie until he finally pulls out the win. Home court advantage, no doubt.

My ride back to Mexico City is with a man who speaks no English yet, for two hours, we talk and understand each other. He now knows a few words in English, and I now have a great start in presenting my next year's talk in Spanish.

I wouldn't miss it for the world. No me lo perderia para el mundo.

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Michael Braunstein

Ambassador Program Update - Year 2000 in Review

by Hans Wagner

The year 2000 may not have been the “real” start of a new millennium (perhaps the answer lies with whether you are using an ALB or ANB table), but it was a year of continued change for the SOA Ambassadors Program. Globalization is a continuing force for many of our employers, for economies throughout the world, and for our profession. Our Ambassadors are vital for our Section and the SOA as a whole to be in touch with developments around the world.

The new Education and Examination (E&E) system was a major focus of Ambassador Program energy this year. Recognizing the likely trauma of transition to the new system, and the potential for

confusion for international candidates especially, the Section Council and SOA Staff assembled a “canned” presentation to explain the new system.

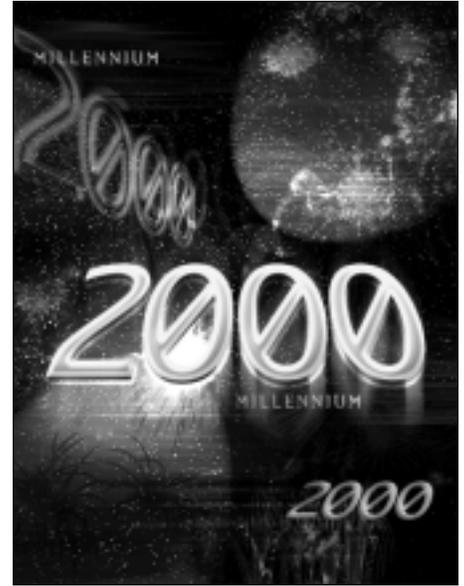
The presentation also explores some reasons candidates should pursue SOA accreditation. The presentation has been updated several times as details of the new system have evolved, and been distributed to all Ambassadors, several of whom have used it as the basis for talks (including our new Ambassador to Singapore, Patricia Chang). If anyone would like a copy, please contact Martha Sikaras at the SOA office. She can be reached by phone at 847/706-3596; by fax at 847/273-8596 and by e-mail at msikaras@soa.org.

Martha, incidentally, is one of the new people involved with the Ambassador Program and international issues in general. On June 5, she assumed the role of Manager of International Affairs. The position will now be staffed full-time and headquartered in Schaumburg, IL.

Martha is a ten-year SOA veteran whose previous responsibilities included coordinating the Fellowship Admissions Course (FAC) as well as serving as the staff liaison to the over 500 volunteers within the SOA's examination system. She is fluent in Spanish and has a conversational grasp of French. Martha will assume the staff liaison responsibilities for the Ambassador program as well as the various committees under the International Issues area.

There were other initiatives regarding E&E undertaken by our Ambassadors this year.

- Nauman Cheema surveyed the needs of students in Pakistan,



and effectively lobbied the SOA for attention, ultimately leading to a program providing exam fee relief for candidates in lower-income countries.

- Hassan Kamil has been working on developing a Professional Development seminar to focus on the training needs of candidates in the ASEAN region.
- Several ambassadors responded to a request from Past President Norm Crowder for information on the needs of SOA members and students abroad.

Ambassadors have been active in areas besides E&E.

- Ronald Poon-Affat oversaw the first foreign-language edition of the International Section News, with a Portuguese edition making quite a splash in Brazil.
- Several articles have appeared in these pages.
- The roster of country Web pages continues to grow, with recent editions for Argentina and Germany. Other pages have been updated as well; visit www.soa.org/links/cwp.html to review the current status.

“Globalization is a continuing force for many of our employers, for economies throughout the world, and for our profession. Our Ambassadors are vital for our Section and the SOA as a whole to be in touch with developments around the world.”

Newly appointed Ambassadors this year included

- Patricia Chang (Singapore)
- Paul Hegg (Chile)
- Tauno Jaekel (Germany)
- Jorge Noronha (Argentina)

Hideyuki Yoshida (Japan) will be joining as co-ambassador with Stephen Conwill, once formally approved by the Section Council.

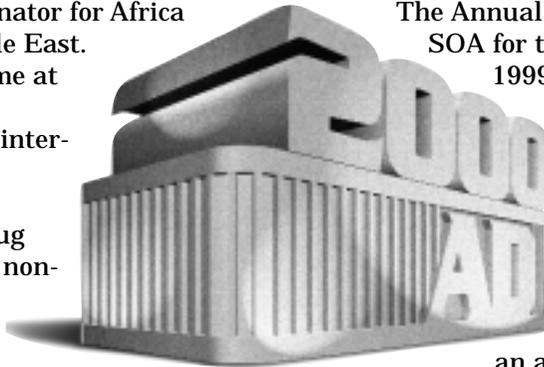
Jorge scored a double by also taking on the Regional Ambassador Coordinator role for the Americas, succeeding Jim Toole. I will continue to coordinate Asia-Pacific, with Hubert Mueller covering Europe, Africa, and the Middle East. With Jim taking on the responsibilities of International Section Council Chairperson, I will be the lead coordinator for the next year. For some time, we've been considering lightening Hubert's load

with a Coordinator for Africa and the Middle East.

Please write me at *Hwagner@axa.com.au* if interested in volunteering.

The Y2K bug was largely a non-event, but we do still have some bugs to work out of the Ambassador Program. As an all-volunteer effort, naturally the time and energy that participants can devote varies as other demands intervene. The Program is also mature enough now that we are looking more at transition issues, and how to ensure that a continual flow of fresh ideas and energy come through the community.

Coordinators will be contacting one-third of their region's ambassadors each year, and a normal "term" for ambassador of three years (renewable) will be established.



The Annual Meeting of the SOA for the anniversary in 1999 was a huge

draw, and international attendance fell off in 2000. It might be a useful reminder that one of the "perks" of being an ambassador is fee waiver at the Annual Meeting. The International Section breakfast has been a great time to exchange news and get updates from Ambassadors.

If you are interested in serving as an Ambassador, or have any questions, please contact me or Martha.

Hans J. Wagner, FSA, MAAA, IAA, AIAA, is chief international actuary at AXA Asia-Pacific Holdings in Melbourne, Australia. He can be reached at HWagner@axa.com.au.

Coming in April 2001! International Start-Up Workshop

The International Section is joining forces with the Nontraditional Marketing Section to present the "International Start-Up Workshop" seminar, slated for April 2001.

Nontraditional marketing channels can be a powerful means to penetrate global insurance markets, either as the sole means of gaining market entry or as a complement to traditional distribution channels. Success stories include bancassurance in Europe and workplace marketing in Latin America. Nontraditional marketing provides an opportunity for companies to leverage their expertise globally with ideas that travel. The challenge is to work within the local culture and regulatory environment.

This seminar will take place over one and one-half days and will combine teaching sessions with interactive case study work. A team of industry experts will provide a "soup to nuts" overview of global insurance start-ups. Topics will include everything from negotiating the deal to understanding the regulatory approval process to facing the challenge of international business. The panel will discuss product development and pricing in global markets, as well as examples of how nontraditional marketing has worked internationally.

Next, participants will break into teams and be assigned a case study to analyze as a team. The panel will be available for advice and direction. That evening, participants will have the opportunity to attend a networking reception. The seminar will culminate on Day 2, where each team will present a case study to a "Board of Directors," and group discussion will follow.

This seminar will provide valuable information and experience for those who are currently active in international markets and/or nontraditional marketing, or who wish to learn more about these areas. Given the interactive nature of this seminar, both novices and experienced hands will be able to share new ideas and gain a fresh perspective on international start-ups.

Location, exact date and PD credit availability will soon be announced.

Actuarial Conference in Buenos Aires

by Jorge M. Noronha

On November 30 and December 1, 2000, the University of Buenos Aires (UBA) through the Faculty of Economics (FCE) organized an actuarial conference entitled "The Actuary in the 21st century — New Perspectives for the Profession: Goals and Challenges."

The conference took place in the facilities of the FCE, a beautiful old white stone building from the turn of the century. The audience was made up of UBA actuarial students and practicing actuaries numbering around 70 people.

The conference was inaugurated by the vice-dean of the FCE and then by an illustrious actuary who has had a very long and successful career in the Argentinean insurance industry. Both gentlemen highlighted the fact that the actuarial organization in Argentina had grown quite substantially from its humble beginnings nearly 70 years ago.

However, the number of actuaries practicing in Argentina is still small, and actuaries still primarily perform tasks related to complying with regulatory requirements. It may be interesting to note the fact that in Argentina, an actuarial program is only offered in the UBA. Shortly, an actuarial program will start at the "Universidad de Salvador" (also based in Buenos Aires).

The conference was organized around four main themes:

- Finance
- Insurance and reinsurance
- Mathematics and information technology



- Social Security

Some presentations were held concurrently, allowing for 27 presentations to be made in the two-day conference.

To give the reader an idea of the range presentations, the following table highlights some of the topics of the presentations.

Theme

Finance

- Inner workings of bond investments in Argentina
- Mathematical foundation of derivatives
- Investigations of the Argentinean capital market

Insurance and Reinsurance

- DFA research project in Argentina
- Current reinsurance products

- The role of the actuary in P&C insurance

- Mortality experience studies — Argentinean insurance table

- Critique of the current financial statements presentation

- Accounting and audit function in an insurance company

Mathematics and Information Technology

- Teaching aides for mathematics teachers
- Technique for the intelligent treatment of information
- Taking multi-criterion decisions (ELECTRE method)
- Increasing premiums in Social Security

- Current activities of the Statistics and Actuarial Committees of the Social Security Association

Social Security

- Employer-sponsored pension plans in Argentina
- Current situation of the workers compensation plans
- The new health care reality in Argentina
- Current situation of the pension annuity market
- Economic analysis of the Social Security market

Instead of going through the details of each presentation, I will instead summarize some of the ideas that I brought back from attending the seminar:

- ⌘ Financial statements have a number of flaws which have allowed a number of companies to be mismanaged and not be detected until they were insolvent. For example, certain debts have been misclassified as assets when they are really liabilities.
- ⌘ 78% of companies who have participated in benefit studies do not offer private pension plans. Of the companies that do, most of the employees covered are middle to senior management. This highlights the importance of the privatized Social Security plans and the reason this has been such a hot topic for the government.
- ⌘ DFA is currently being studied for implementation in the Argentinean insurance market. This is a four-year long project, which has just begun. The first

two years will focus on collecting research material from the US, Canada, and the U.K., while the latter two years will focus on the development of specific rules for Argentina.

- ⌘ Reinsurance transactions were not common prior to 1996 and have increased substantially since then. Alternative reinsurance is still rare, since direct companies are unwilling to part with more than a fraction of their premium dollars.
- ⌘ Most insurance companies in Argentina still hold a fairly liquid investment portfolio. Hedging is not too common, and the need for asset liability management is limited.

"Both gentlemen highlighted the fact that the actuarial organization in Argentina had grown quite substantially from its humble beginnings nearly 70 years ago. However, the number of actuaries practicing in Argentina is still small..."

Professor Pagliano made an interesting presentation of the current code of professional conduct for Argentinean actuaries and the

need for unification in light of the IAA membership.

On behalf of the SOA, I made a presentation on the new exam system. This presentation was well attended, and there was keen interest by the students to undertake these exams. However, some students pointed out the fact that the time frame for completing the exams was too long and that most local companies had not thus far been willing to support such a program, opting in favor of an MBA program. Lee Faulkner also made a presentation on the English Institute of Actuaries highlighting the fact that there are several organizations that administer the exams with the underlying philosophy being the same.

The conference ended with a presentation paying homage to the actuarial pioneers of Argentina. This was followed by a musical concert sounding themes ranging from bossa nova to more traditional tango tunes.

Overall, the conference was well organized. However it was unfortunate that the conference was held around the same time as the final exams at the UBA, precluding a large number of students from attending the seminar. Hopefully, future events will take this in to account.

Jorge Noronha, FSA, MAAA, is the ambassador for the Society of Actuaries in Argentina, member of the International Section Council and Senior consultant of NMG Financial Services Consulting, Buenos Aires, Argentina. He can be reached at his e-mail address: Jorge.Noronha@NMG-Group.com.

Actuarial Profession Takes Further Steps Forward in China

by David J. Alexander

Nankai University in Tianjin, China, was the venue for the International Conference on Risk Management and Actuarial Science during early September 2000. The conference had a variety of purposes:

- To debate the current status of actuaries and the profession in China
- To understand the different insurance regulatory regimes from around the world and how regulation might develop in China
- To present some technical material
- To give student actuaries some information on the practical aspects of the skills they have learned

The wide ranging agenda had drawn a varied audience of nearly 200 with the majority from mainland China, but also actuaries from Hong Kong, North America, Europe, and Australia. The attendees represented companies, universities, regulators, government bodies,

professional bodies, and the press.

The State of the Profession in China

The profession is in a development stage at present. A number of universities hold actuarial courses (including Nankai) and we witnessed the presentation to two newly qualified Fellows of the Society of Actuaries who have completed their studies in China. There was also a rousing opening speech by Professor Tuan Kai Lin, the Guest of Honor, who had been instrumental in the development of the Nankai University Actuarial Department.

While the education arrangements are developing well, there was concern expressed that jobs needed to be found for these students within insurance companies. Foreign insurers were already employing locally trained actuaries, but (with some notable exceptions)



local companies were not aware of the skills that actuaries can bring and the value that actuaries could add. This would be the next challenge for the profession.

Regulatory Regimes

There were various presentations about the regulatory regimes for life insurance in countries around the world and one describing the appointed actuary system in various countries. A representative of the regulator in China then presented a comparison of the different regimes and described the arrangement which China was following and the rationale for this.

He explained that China was constructing a regime with features similar to those from a number of different countries. The regulations mean that there is a combination of direct control on products (approval needs to be sought from the regulator on product terms and prices) and overall solvency regulation.

Technical Presentations

Actuarial skills are starting to be applied in the Chinese Insurance

"Many of the actuarial students present at the conference have completed extensive academic studies on actuarial theory. They were very interested in the presentations which included information on the practical aspects of the implementation of these theories. The development of practical experience is one of the prerequisites for the development of the profession in China."

market. There was a presentation about a mortality study, and I presented on global mortality trends. Some other issues debated included the interest guarantees on life insurance policies, embedded value techniques, the development of unit-linked policies (which needs to go hand-in-hand with the development of suitable investments for the funds to use), and the possible development of medical insurance and managed care in China.

Practical Sessions

Many of the actuarial students present at the conference have completed extensive academic studies on actuarial theory. They were very interested in the presentations which included information on the practical aspects of the implementation of these theories. The development of practical experience is one of the prerequisites for the development of the profession in China.

A number of the presentations concentrated on such aspects as the implementation of a financial management cycle in an insurance company, the practical development of the insurance market in China, the progress of pensions reform in China.

Ceremony

There was also a ceremonial aspect to the conference. There was an exchange of gifts between Nankai University and the President of the Society of Actuaries in order to recognize their joint achievements over many years and also to commemorate the inauguration of the new Nankai/SOA Research Centre. There were also speeches by professors from the university, the conference sponsors, and local dignitaries.

Tianjin

During the breaks in the conference and the evenings, we were able to see a small amount of the city of

Tianjin. It has a population of some 9 million people and is an industrial city and port not far from Beijing. Apart from a large port, the most memorable features of the city were a very tall television tower with observation deck plus a large fun fair. In summary, an enjoyable conference and one where a significant amount of information was shared — I certainly learned a great deal myself!

David Alexander, FSA, FIA, is an actuary and works for Swiss Re Life & Health as Head of Actuarial Services, China Region. David is based in Hong Kong and can be reached at David_Alexander@swissre.com.



David Alexander



Members gather in front for the new Nankai/SOA Research Centre in China for a group photo.

The Journey to Asia

by Norm Crowder, SOA Past President

In late summer, I undertook a trip to the Far East to visit Society members in four countries: Singapore, Malaysia, Taiwan, and China — both Hong Kong and the mainland.

In total, there are 700 SOA members in this emerging area. Other reasons for this trip were to assist in the development of the profession locally and to help raise the visibility of actuaries in these countries. The latter consisted of meetings with insurance regulators and government officials to discuss current issues and to encourage more involvement of actuaries in insurance and pension policy matters.

Singapore, Malaysia, and Taiwan

Singapore is a stable, growing, and well-developed insurance market. So is Taiwan. Malaysia is just developing a market of local insurers. There were a variety of issues they wanted to discuss with some common themes.

In each country, I found a strong interest in risk-based capital approaches.

Both actuaries and regulators are studying this methodology for use in their markets. The regulators are also considering greater oversight of non-life companies. Pension and social security reforms are major concerns in Taiwan due to an aging population and past underfunding. Singapore and Malaysia have a shortage of qualified actuaries, especially in

the latter where there may be only 15 or 16 qualified actuaries with some 15-20 life companies.

Malaysian companies also tend to be short of capital and management talent.

Hong Kong and Mainland China

Hong Kong is a well-developed and growing market, with a variety of equity products in place. We have about 200 members there, working in numerous insurance and consulting firms.

We visited three cities in Mainland China: Beijing, Tianjin, and Shanghai. There, we found a rapidly evolving insurance industry, with both emerging local companies and foreign companies eagerly waiting to enter this vast market.

American International Assurance, the original member of the AIG, is the largest life insurer in China and the largest employer of actuaries. We visited three large universities: Peking, Nankai, and Fudong. I observed

the rapid development of actuarial education in these universities. For example, the Nankai University actuarial program has 100 undergraduates, 45 master's candidates, and 12 Ph.D. candidates.

At Nankai, I gave the keynote address at a seminar marking the opening of the Nankai Research Centre, which the Society helped fund. In each city, I spoke to groups of actuaries and industry leaders, e.g., the Insurance Forum of the American Chamber of Commerce in Beijing, which has 21 major North American

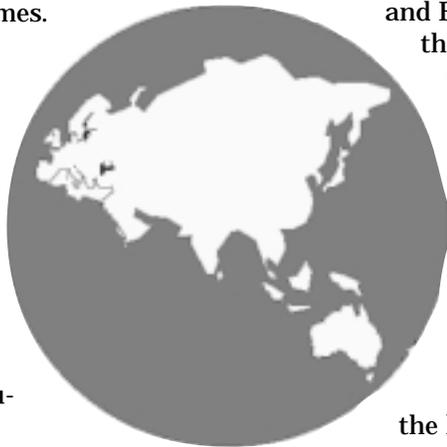
company members in the process of entering the China market. In Beijing, I also met with several governmental groups and ministries to discuss social security reform, pensions, and regulatory issues.

The China Insurance Regulatory Commission (CIRC) is the government body designated to oversee the development of the insurance markets, to develop their regulatory framework, and to direct the evolution of the actuarial profession in China — quite an agenda, with a small and relatively inexperienced staff.

Our China Region Committee and other Society members have been helping the CIRC on several of these tasks, including the first set of actuarial exams given last fall. The CIRC is planning a second round of exams in December, which will add life insurance, economics and non-life insurance topics to the two initial mathematics exams.

In closing, I'd like to acknowledge the China Region Committee, under the leadership of K.C. Chan, which has been working very hard to bring the Society resources to our members and students in the Far East. They, along with Pat Kum of the Joint Actuaries Office, have organized and sponsored a local Course 7 seminar, exam and reference centers, an ASTIN seminar, and other professional development offerings. The group also worked very hard to make my visit to China both visible and productive for the Society and actuaries.

Norm Crowder, FSA, MAAA, FCA, FIA, is past president of the Society of Actuaries. He can be reached via e-mail at nrmcrowder@aol.com.



Pension funds in Indonesia have been operating for many years as pension foundations, group endowment plans, and book reserve plans. Law number 11/1992 together with Government Regulations 76/1992 and 77/1992 was enacted to strengthen the funding standards and formalize the tax benefits of pension funds. This legislation has created two separate types of pension funds known as DPPK or Employer's Pension Funds and DPLK or Financial Institution Pension funds.

A DPPK program is established by an employer who is responsible for the establishment, operation, funding, and maintenance of the program. The operational provisions of the plan must be written and filed with the Ministry of Finance, which must approve these provisions. The employer is directly responsible for record keeping, meeting the minimum funding requirements, establishing and maintaining custodian arrangements of the assets, and any short fall in the required assets for the fund.

A DPLK is a pooled trust that is founded by a financial institution such as a bank or an insurance company. Individuals and employee groups are able to join a DPLK program established by the financial institution without the government reporting requirements associated with a DPPK program. Legal responsibility for the operation of this type of a pension fund rests with the financial institution, and the only liability for the employer is to make any required contributions when they are due. Insurance companies are competitive in this market, so further comments will be focused on DPLK.

The size of pension assets under management has shown strong growth over the last few years in Rupiah terms but the weakening exchange rate has left the growth flat or declining in U.S. dollar terms. The size of the DPLK market in U.S. dollar terms is roughly the same for 1996 and 1999, and there is a sharp decline in DPPK assets in U.S. dollar terms between 1996 and 1998.

Market Size (in millions of Rupiah)

	DPLK	DPPK	TOTAL
1996	247.858	13,025.134	13,272.992
1997	389.481	15,819.956	16,209.437
1998	721.130	21,492.258	22,213.389
1999	1,056.494	Unavailable	

DPLK programs are exclusively defined contribution programs. These programs are becoming very popular with employee groups and are experiencing strong growth. The high investment returns of the last two years have contributed to the growth. There is also a consumer demand for the product, and many new cases are being written.

Market growth (Percentage change in plan assets)

	DPLK	DPPK
1996-1997	57.14%	21.46%
1997-1998	85.15%	35.86%
1998-1999	46.51%	Unavailable

DB/DC Market Share (Percentage of total pension assets)

	DB Plans	DC Plans
1996	97.21%	2.79%
1997	96.15%	3.85%
1998	95.19%	4.81%

Competition among DPLK providers is very keen with three to four companies competing for most sales. Several local banks have established DPLK programs, but most of these competitors are undergoing recapitalization and are focusing on core banking operations. These banks are not effectively competing for business, and no foreign bank is currently competing in this market. Life insurers effectively dominate the DPLK market. The foreign companies appear to have a business edge in terms of technology and know-how. Mutual fund companies are not allowed to establish DPLK programs, but they are active as investment service providers to companies wishing to outsource this function.

The Indonesian pension market offers several opportunities for insurance companies. There will be many corporate restructurings over the next three to five years, and many of these will involve changes to the companies' pension funds to reduce balance sheet liability. Many state-owned enterprises are in the process of being privatized, and their employee benefit programs including pension promises are being reviewed and revised. Termination of defined benefit pensions will bring opportunities to sell immediate annuities to current retirees.

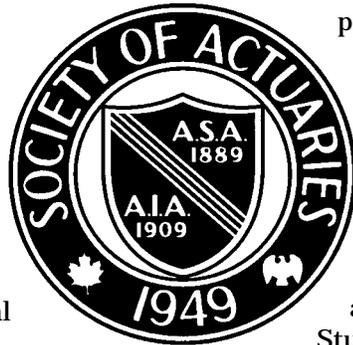
Jeffrey P. Newnam, FSA, MAAA, EA, IAA, is presidential director of PT AJ Principal Indonesia in Jakarta, Indonesia. He can be reached at newnamjeff@principal.com.

SOA Ambassador Update - Winter 2000

by Martha Sikaras, SOA Manager of International Affairs

Your Vote Counts

As proven by recent events in the U.S. and the State of Florida, your participation matters! The Society of Actuaries is in the process of defining its strategy and role, and your opinion will definitely make a difference. When the SOA leadership asks you in your capacity as Ambassador for input, please take the time to contribute. You speak for your constituents overseas and the global interests of the SOA membership at large, so don't cede that voice to others.



Exam Fee Discounts

At its October 15 meeting, the Board of Governors of the Society of Actuaries approved measures, that will provide exam fee discounts to eligible candidates who are permanent residents of qualified countries. Country eligibility is determined by the same formula used to create the list of countries

for the dues subsidy program. This definition requires that a country's per capita income (as reported by the World Bank) be equal or less than one-third of the average of the per capita income of Canada and the United States. The program will be available for candidates wishing to write May 2001 examinations. (See article on page 20 for further information).

Study notes for Courses 1-4 are now available electronically at no cost to candidates. Study notes and textbooks published by the Society, which are on the syllabus, will also be available at reduced prices plus the actual cost of shipping. Approved candidates will receive specially marked exam registration and order forms.

In addition to being permanent residents of qualified countries, candidates cannot be employed by a company which is a subsidiary or owned by an international company. Ambassadors should have also

received the program details via a special e-mail message. All interested parties should watch for information on www.soa.org. The application and other details will be posted by early January 2001.

SOA Office Update

Gena Long has been promoted to Course 7 Manager. She will be working with both SOA staff and volunteers to administer the Course 7 seminars. She can be reached at glong@soa.org. Leah Hardt has joined the staff in the capacity of Executive Coordinator. In that role, she will be responsible for coordinating the travel and presentation schedules of our President and President-Elect. She can be reached at lhardt@soa.org.

Ambassador News

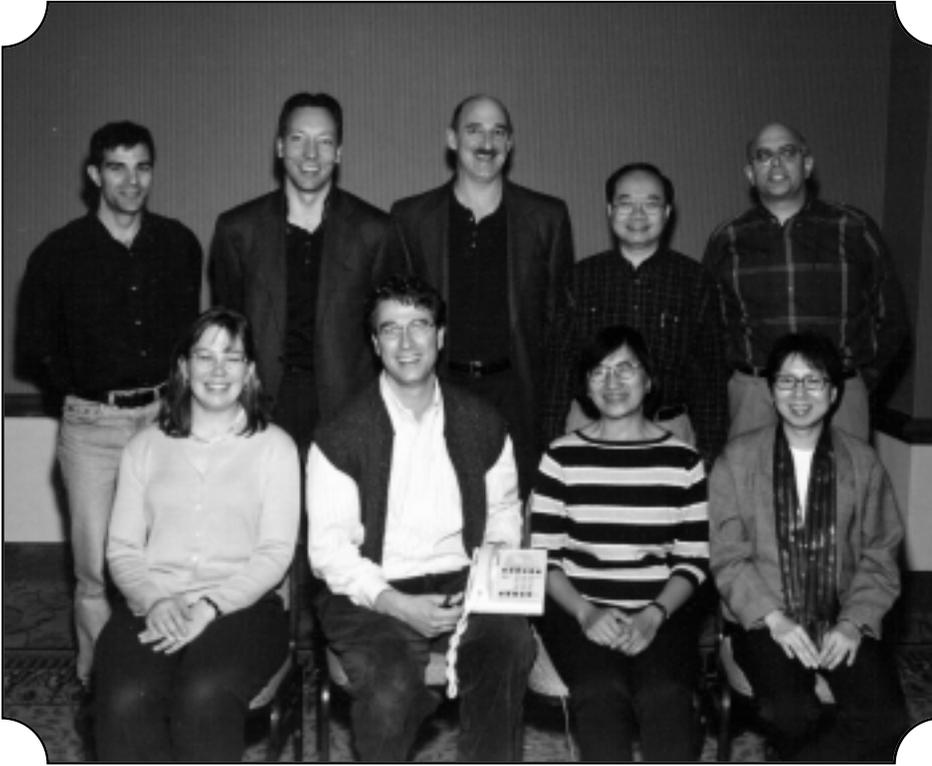
We are pleased to announce the appointment of the following new Ambassadors:

Patricia W.F. Chang, Singapore, PatriciaChangWF@gelife.com.sg;
Paul Hegg, Chile, phegg@bigfoot.com; and
Tauno Jaekel, Germany, tauno_jaekel@bayerischerueck.com.

Also, Jorge Noronha has moved into the role of Regional Coordinator for Latin America, a role previously held by Jim Toole. Hans Wagner has assumed leadership of the Regional Coordinators.

As a reminder, the listserve for the Ambassadors is not just for the SOA to contact you. You may use the e-mail address to contact and initiate discussion with your fellow Ambassadors. This address is: ambassadors@list.soa.org.

"Country eligibility is determined by the same formula used to create the list of countries for the dues subsidy program. This definition requires that a country's per capita income be equal or less than one-third of the average of the per capita income of Canada and the United States. The program will be available for candidates wishing to write May 2001 examinations."



*“Old and new” International Section Council members taking time out during the busy Annual Meeting in Chicago to pose for the camera — **Standing 1 to r:** Mike Gabon, Hubert Mueller, Josh Bank, August Chow, and Randy Makin (editor).*

***Sitting 1 to r:** Lisa Kuklinski-Ramirez, Jim Toole (2000-01 chairperson), Angelica Michail (1999-2000 chairperson), and Shumei Kuo.*

***Participating by phone:** Jorge Noronha and Hans Wagner.*

We also have several new country Web pages available at www.soa.org/links/cwp.html. Argentina and Germany are among the new additions. If you have not yet created a country Web page, you are strongly encouraged to do so.

A questionnaire provided by the SOA makes the process easy and fun. Be sure to contact the SOA to obtain your Web page package.

Each Ambassador should have also received a message from Martha Sikaras. Your response verifying contact information will help to maintain the most accurate listing of Ambassadors and Ambassador related activities.

Annual Meeting

The Society of Actuaries held its Annual Meeting on October 15-18,

2000 in Chicago. Ambassadors who attended were treated to wonderfully warm and unseasonal fall weather. On Tuesday, the International Section sponsored a reception at the Chicago Cultural Center. The annual International Section breakfast was held on Wednesday. That day, Section members and ambassadors mingled and shared information on current events in their home countries.

Puebla Conference

The first event sponsored by the SOA Latin America Committee was a huge success. Over 40 students participated in an exam skills and Course 1 preparation seminar led by former SOA staff member, Warren Luckner. The program, which took

over 2½ days, preceded the Annual Actuarial Student conference in Puebla, Mexico. This year's conference drew record numbers. Over 300 students attended the opening night's roundtable discussion with representatives from the SOA, (Rob Brown), CIA, (Harry Panjer), and other organizations. The committee hopes to sponsor a similar seminar in spring 2001.

Presidential Trips Abroad

SOA President Rob Brown has begun his busy presidential tenure with several trips. In January 2001, he will be traveling to Taipei and Kuala Lumpur. Our Ambassador contacts have been most helpful in arranging his itinerary. If you are aware of an event in your country that might be of interest to President Brown, please forward the details to Martha Sikaras or Leah Hardt at the SOA.

Changes to the SOA Professional Development Requirement

As part of the continuing effort to help SOA candidates abroad fulfill their PD requirements for Fellowship, the SOA has revised a component of the program. Candidates may now use professionally audiotaped, or videotaped, and/or Internet programs up to a maximum of 15 units per plan. These programs must be sponsored by the SOA or other recognized actuarial organizations — CAS, CIA, CCA, ASPA, and the AAA. For more details, please refer to the SOA Web site: www.soa.org.

Martha Sikaras is the Manager of International Affairs for the Society of Actuaries in Schaumburg, IL. She can be reached at msikaras@soa.org.

HR and the Global Paradigm

by Lisbeth Claus, Ph.D., SPHR

Editor's Note: More and more insurers are relying upon their human resources teams to help them make the transition from domestic to transnational concerns. Here, a leading international HR expert discusses how to do just that.

At the turn of the new millennium, the insurance industry is undergoing dramatic changes, most of which can be linked to globalization. Important globalization trends in the insurance industry are the increasing number of international mergers and acquisitions of insurance companies (requiring merging different corporate and national cultures); the increased use of the Internet (possibly leading to disintermediation of the supply chain and threatening the current insurance sales structure); and the growing need for insurance products that can be sold across borders to private and corporate customers.

These (and other) globalization trends are dramatically changing the requirements of the customer chain (including internal as well as external customers) of insurance companies.

In a global environment, insurance products must meet seemingly contradictory requirements. They must be localized and customized to meet the customer demands of different countries, while being transferable across borders.

Localization requires greater attention to the culture and structure of each market in which insurance products are sold. Globalization of insurance products requires standardization to ensure they are transferable across borders.

Global operations require not only accommodating diverse external customer needs, but also managing internal diversity. Many multinationals engage a mix of local-national and foreign-born employees who frequently must work together in teams to meet corporate objectives. When these employees are given assignments abroad, they must adapt to their host country's unique culture and work practices.

The insurance industry can no longer retain a domestic orientation and ignore the impact of cross-cultural differences on everything from product design and delivery to employee management.



Increasingly, it falls to the human resources (HR) professional to manage the "soft side" of today's global industry and to examine the cultural and human challenges facing companies.

Companies differ in their quest for internationalization. In the past, the globalization of domestic companies occurred in a rather predictable fashion: in distinct stages (exports, then multinational, then global, then transnational) over a period of time.

What's Your Global Score?

Many companies are trying to become transnational players. Here's a quick way to gauge where your company is on the path toward internationalization.

Percentage of International Sales

- + Percentage of employees outside of headquarters country
- + Number of countries in which the company operates
- + 50 if company has a "global" mission statement

= GLOBAL SCORE

- <100: Domestically oriented
- 100-200 in transition
- >200: competes globally

Today, the internationalization of a company follows a different and faster path. Especially in new economy sectors, it is not unusual for a company to be "born" globally, to operate on three different continents (North America, Europe, and Asia), and to have a rapidly growing international and multicultural workforce — all within its first year of operation.

Even traditional companies who are latecomers to globalization (and there are many in the insurance industry) are beginning to skip stages in the internationalization process in order to evolve rather quickly from domestic companies to transnational ones.

What's Your Global Score?

To ascertain the status of your — or a competitor's — internationalization process, you may want to employ the global company rule of thumb (see What's Your Global Score?), a simple process that involves looking at key corporate variables.

These variables include the percentage of sales that is international, the percentage of employees working outside of the headquarters country, the number of countries in which the company operates, and the existence of a global mission statement.

A company's score reveals if it is domestically oriented (generally a score of less than 100); is in transition to globalization (a score between 100 and 200); or functions in the global arena (a score of 200+).

In their 1998 book, *Managing Across Borders*, Christopher Bartlett and Sumantra Ghoshal employ numerous strategic dimensions to describe a transnational company, including localization, global integration, and knowledge sharing (see Organizational Characteristics of the Transnational).

"Managers in most worldwide

companies," note the authors, "recognize the need for simultaneously achieving global efficiency, national responsiveness, and the ability to develop and exploit knowledge on a worldwide basis. Some, however, regard the goal as inherently unattainable.

"Perceiving irreconcilable contradictions among the three objectives, they opt to focus on one of them, at least temporarily. The transnational company is one that overcomes these contradictions."

Bartlett and Ghoshal believe the transnational organizational model is becoming increasingly necessary for companies that want to succeed in today's highly competitive international environment.

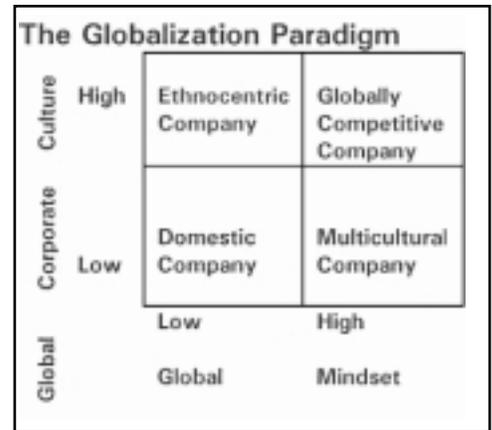
To help their companies transition from domestic to transnational, HR must focus on two dimensions: developing a global corporate culture for the company and a global mindset among employees.

In addition to recruiting, selecting, and retaining employees (and moving them across borders as needed), these are the two major value-added functions of HR in a global company.

Let's take a closer look at the first dimension of a company's globalization paradigm: a global corporate culture.

A corporate culture is a set of shared values and beliefs translated into norms of expected behavior for members of the organization. A company's culture is manifested and communicated in a variety of ways — symbols, behaviors, feelings, and sayings such as "this is the way we do things around here," for instance.

Corporate culture plays a vital role in the ability of an organization to accomplish its goals. It is the glue that not only binds employees together for the purpose of reaching corporate goals, but also aligns individual employee goals with those of the company.



As a result, most companies put considerable effort into creating a strong corporate culture, using employee orientation, training, management development, reward systems, public relations, and more.

It is particularly crucial for a company engaged in international business to build a corporate culture of shared core values among employees worldwide so that it can be successful in conducting business in different countries around the world.

Due to the diversity of countries and cultures in which a global company operates, it must have a well-understood set of core values and mission in order to bind management and employees together in achieving stated corporate goals.

It also must implement communication and information systems that enable real-time communication and knowledge management. Finally, it must be capable of operating global teams for the effective management of the company's people, processes, and projects. Other global corporate culture dimensions include leadership, reward systems, innovation, and change management.

The second dimension of a company's global paradigm is the global mindset of its employees. If the corporate culture is the desired or formal set of shared values and norms of behavior that a company

HR and the Global Paradigm

continued from page 17

intends to develop, the mindset of its employees is the actual embodiment of global values among its people.

A global mindset is the way individual people in the organization think and view the world — that is, think locally or globally. It is the framework they use to perceive their relations with others both in and outside the workplace. When employees join companies, they come with diverse backgrounds and experiences.

The employees' orientation toward the world does not necessarily match that of the corporation.

Developing a global mindset is an iterative process of understanding, experience, and evaluation (see *Seven Steps to a Global Mindset*).

One acquires a global mindset by

understanding cross-cultural differences and value dimensions, experiencing person-to-person cross-cultural business situations and evaluating international experiences in order to improve the initial understanding of another culture. The process of acquiring a global mindset requires cross-cultural training and preparation as well as foreign country acculturation mainly acquired through international living and working experience.

The degree to which a company is able to instill a global culture along its corridors and a global mindset in its employees is a strong indication of its ability to function successfully in a global business context (see *The Globalization Paradigm*). A company whose corporate culture and

“Global operations require not only accommodating diverse external customer needs, but also managing internal diversity.”

employee mindset are highly global, for instance, is a globally competitive company.

At the other end of the spectrum is the company where neither the culture nor the employee mindset is global — that is, a domestic company.

Organizational Characteristics of the Transnational

Organizational Characteristics

Configuration of assets and capabilities

Multinational

Decentralized and nationally self-sufficient

Global

Centralized and globally scaled

International

Sources of core competencies centralized, others decentralized

Transnational

Dispersed, interdependent, and specialized

Role of overseas operations

Sensing and exploiting local opportunities

Implementing parent company strategies

Adopting and leveraging parent company competencies

Differentiated contributions by national units to integrated worldwide operations

Development and diffusion of knowledge

Knowledge developed and retained within each unit

Knowledge developed and retained at the center

Knowledge developed at the center and transferred to overseas units

Knowledge developed jointly and shared worldwide

Seven Steps to a Global Mindset

More and more companies are calling upon their HR teams to help them transition from domestic to international enterprises. While this challenge involves everything from developing international competencies to drafting repatriation plans, a vital first step is converting employee mindsets from local to global. Here's how:

- Understand your own culture.
- Develop cultural sensitivity by being aware of stereotypes that people have about your culture and you about them.
- Develop a preliminary profile of other cultures using value dimensions. These dimensions include time, relationship to nature, basic human nature, activity orientation, human relations, ambiguity, power/authority, status, focus/orientation, interactions, communication, gender roles, expression, evaluation standards, philosophy/religion.
- Understand the legal and social framework impacting business and industry practices.
- Use cross-cultural experiences to test the depth of your understanding of a particular culture.
- Identify differences within the national culture, profession, industry, and company.
- Develop cultural savvy and refine your cross-cultural understanding.

Other companies are ethnocentric (high global culture plus low global mindset) or multicultural (low global culture plus high global mindset).

The intervention mechanisms needed to create a globally competitive company depend upon the quadrant into which the company falls. A company's location in the quadrant dictates the need for either organizational development (if low on the global corporate culture dimensions) or human resource development (if low on the global mindset dimension).

Global operations require not only accommodating diverse external customer needs, but also managing internal diversity.

An ethnocentric company, for example, needs to focus mainly on cross-cultural training for its employees, while a multi-cultural company needs global strategic

visioning for its management. A traditional domestic company needs to do some soul-searching to see how it will survive with its corporate culture and employee mindset in today's global business environment. Only companies in the upper right quadrant are currently equipped with their corporate cultures and human resources to compete in the global arena.

The need to cultivate a global corporate culture and a global employee mindset — and then align the two — requires the HR professional to develop a new set of competencies. What are they? In a recent survey published in *HR World* (April 2000), the top 50 global HR people rated change, maturity, openness, flexibility, and adaptability as the most important competencies of the profession for operating globally.

With the rapid globalization of

the insurance industry, it becomes imperative for companies to pay attention to the "soft side" of their company's operation. Ignoring the people dimension will inevitably lead to the failure of meeting the requirements of internal and external customers of the insurance business. HR must be an integral part of a company's internationalization strategy and globally competent to add value to the firm.

Lisbeth Claus, PhD, SPHR, is professor of International Human Resource Management at the Fisher Graduate School of International Business of the Monterey Institute of International Studies.

Exam Fee Discounts for Qualified Candidates

The Society of Actuaries Board of Governors and the Casualty Actuarial Society (CAS) Board of Directors have recently approved a measure that will provide substantial discounts to candidates living in qualified countries. The program is similar to one offered by the Institute of Actuaries in the United Kingdom. The CAS will be financing the program for any eligible property/casualty candidates while they are writing the joint CAS/SOA examinations (Courses 1-4). The CAS will also institute a similar program for its examinations that are not offered jointly with the SOA.

The Society's program will determine the eligibility of the country using the same formula used to qualify countries for the

dues subsidy program. A country's per capita income, as reported by the World Bank, must be equal to or less than one-third of the average of the per capita income of the United States and Canada.

For 2001, over 90 countries are eligible. Candidates must be permanent residents of the qualified country and cannot be employed by a company that is a subsidiary of, or owned by, an international company. Candidates will be asked to complete a one-time application.

Following approval of their applications, candidates will automatically receive the discounts, provided that they continue to meet the eligibility requirements.

If the economic status of their country of residence changes,

approved candidates will retain the right to the discount for a period of three years, starting from the date the country no longer appears on the eligible list.

Approved candidates will receive discounted examination fees and be able to purchase study notes and SOA textbooks on the syllabus for discounts plus the actual cost of shipping. As part of the initiative, the study notes for Courses 1-4 are now available electronically at no cost to all SOA candidates.

The program will be available starting with the May 2001 examination administration.

The application package is posted on the SOA Web page at www.soa.org/eande/examdiscount_program.html.

IAA Meeting Summary

by Sam Gutterman, and edited by Martha Sikaras and Mo Chambers

The International Actuarial Association conducted its Council meeting on

November 21, 2000 in Ottawa.

Highlights from this meeting include:

1. The World Bank meeting held November 17 in Washington was judged to be a success.
2. Medals of Distinction were awarded to Hans Buhlmann and Max LaCroix (who was also given a medal from the International Social Security Association (ISSA)) and will be presented at the meeting in Portugal in April.
3. The International Association of Insurance Supervisors (IAIS)

was voted in as an Institutional member of the IAA (along with the IASC and the ISSA).

4. A new committee was formed, Financial Risks Committee.
5. The annual IAA member confirmation form will have to include a completed educational questionnaire as prescribed for that year as part of the annual confirmation process.
6. Hanley Clark, president of the IAIS gave a presentation concerning the future of the IAIS, with a significant role being to provide national insurance regulators extensive support and research. He thanked the IAA for its support to date and encouraged

further dialogue between the two organizations.

7. Mo Chambers was provided the IAA President's medallion; Mo will begin his presidency on New Year's Day 2001.

In addition, various IAA committees met in Ottawa including the Education Committee, Insurance Accounting Standards Committee, Advice & Assistance, Supranational Relations Committee, and the Committee on Services to Individual Members. The next meeting is April 5-7, 2001 in Estoril, Portugal.



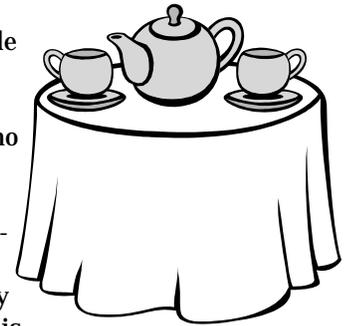
International Section Breakfast - October 18, 2000

The International Section sponsored a breakfast meeting in conjunction with the Society of Actuaries Annual Meeting in Chicago. Over 30 Section members, Ambassadors and other interested members participated.

Angelica Michail, outgoing Section chairperson introduced the new Chairperson, Jim Toole, as well as the new Section Council members: Jorge Manuel Noronha; August C. Chow, and Shumei R. Kuo. Lisa Kuklinsk-Ramirez will serve as the Section's Vice Chairperson, and Ms. Kuo was elected Secretary/Treasurer. Ms. Michail introduced the concept of the acronym RAMEN, which stands

for **R**esources; **A**mbassadors; **M**eetings; **E**ducation; **N**ewsletter. These five areas are the cornerstones for the Section's activities. She thanked everyone for their support during her tenure as Section chairperson. Mr. Toole provided an overview of the Section's 2000 activities including a review of the Ambassador program. The Ambassador program provides a strong link between our members and the local actuarial and business community. In 2000, Ambassadors paid an important role in assisting with SOA presidential trips abroad, serving as local guides and host to Norm Crowder. The breakfast also provided a forum for Ambassadors

to provide a local update. Mr. Tauno Jaekel reported on activities in Germany and on his plans to reach out to members in his area. The meeting concluded with a presentation from Mo Chambers, SOA Vice President for the Inter-national Area, as well as the 2001 IAA President, on the activities and structure of the International Actuarial Association.



Invitation to the 2001 East Asian Actuarial Conference in Hong Kong

by Michael Ross

Recently there have been many conferences with themes along the line of Actuary of the Future, The Actuary in the New Millennium, or something similar. We have the opportunity to get away from this and do something totally different.

In East Asia there, are a number of different countries, each with its own history, culture, and legal system. Many multinational companies have home offices outside the countries they operate in, and actuaries are being stationed in various countries or are taking regular trips to different countries. As a result many actuaries in the region are required to deal with multiple legal and reporting structures, along with different marketing methods, and work practices.

A theme encapsulating the international nature of the insurance industry and the actuarial profession

would be very relevant to today's actuary. The theme we have chosen sums up in two words all these ideas. The Actuarial Society of Hong Kong will be hosting the 11th East Asian Actuarial Conference in Hong Kong on October 7-10, 2001. The chosen theme is "Go Global."

We would like to extend an invitation to you and your company to become a part of the East Asian Actuarial Conference in Hong Kong in 2001. This three-and-a-half day Conference promises to be an excellent and memorable event bringing the actuarial profession together to discuss and address the most important issues facing the profession in the 21st century. In addition to a range of sessions and workshops on current market developments in East Asia, distinguished keynote speakers will be among the highlights of the Conference. We are committed to making the Conference an

exciting learning and sharing experience for all. Your active participation will ensure the success of the event.

Authors are invited to submit papers for possible presentation at the Conference. If you are interested in contributing a paper or if your company is interested in sponsorship for the Conference, please contact Patricia Kum at the Actuarial Society of Hong Kong (phone: 852-2147-9418; fax: 852-2147-2497; email: patkum@netvigator.com) as soon as possible. For more information on the Conference, visit the ASHK Web site at www.actuaries.org.hk.

Michael Ross, FIA, is consulting actuary at Watson Wyatt Insurance Consulting Limited in Hong Kong. He is also chairperson of the 11th EAAC Organizing Committee and can be reached at michael_ross@watsonwyatt.com.

International Section - Projected Financials for 2001

	ACTUAL Q1 2000	ACTUAL Q2 2000	PROJ Q3 2000	PROJ Q4 2000	PROJ FULL YR 2000	PROJ FULL YR 2001
STARTING FUND BALANCE	48,877	59,602	58,315	53,482	48,877	43,183
ENDING FUND BALANCE	59,602	58,315	53,482	43,183	43,183	42,375
INCOME						
Dues	21,510	3,450	0	0	24,960	34,000
Seminar	0	0	0	0	0	0
Videotapes	0	0	0	0	0	0
Newsletters	45	30	30	30	135	120
Interest	462	469	487	421	1,839	1,472
TOTAL INCOME	22,017	3,949	517	451	26,934	35,592
EXPENSES						
Travel	0	416	0	500	916	1,000
Telephone	778	675	750	750	2,953	400
Lecturers/Honorarium	0	0	0	0	0	7,500
Printing	1,734	1,926	2,000	2,000	7,660	6,000
Postage & Mailing	1,358	1,193	1,500	1,500	5,551	4,500
Special Supplies and Service	398	62	100	350	910	500
Functions	0	0		5,650	5,650	0
Research	0	964	1,000	0	1,964	0
Admin Charge	7,024	0	0	0	7,024	10,800
Misc						700
Committee Support/Seminars/Research	0	0	0	0	0	5,000
TOTAL EXPENSES	11,292	5,236	5,350	10,750	32,628	36,400



20th Pacific Insurance Conference
September 16-20, 2001 Canada

2001

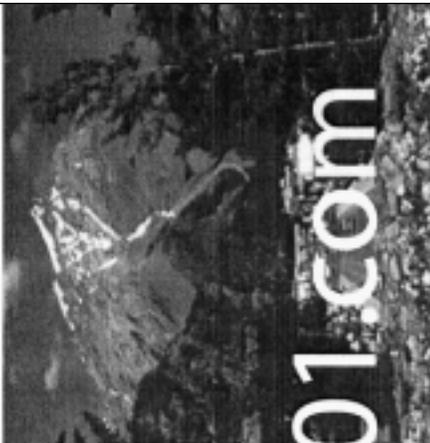
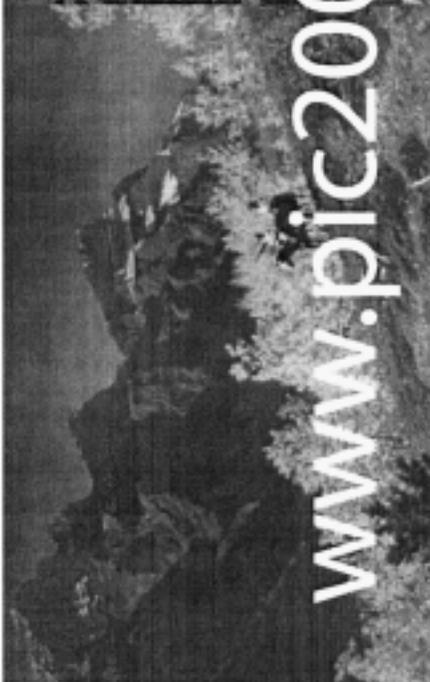
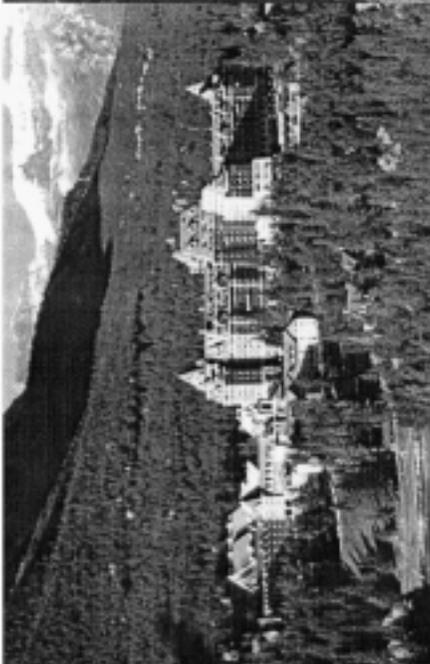
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