



SOCIETY OF ACTUARIES

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# The Life and Times of the International Actuary

by Dan R. Spafford

Are you looking for a job that involves long hours both in and out of the office, diverse and complicated projects often burdened by a serious lack of data, a heavy workload with conversations sometimes carried out in a language you don't understand and long days of travel, occasionally to dangerous places? Does that sound exciting? If so, you might try the career of an international actuary. On last year's survey of the International Section's membership, a number of you indicated that you would like to know more about what international actuaries do and where the international opportunities are for career growth. In the process of doing a job search I also wanted to understand the answers to those questions, so I interviewed 34 actuaries from 18 companies, who held "international" positions. The following article presents what I discovered with my survey.

While the sample size is small, I did have

detailed conversations with most of the respondents and came away with many impressions, ideas and facts. Looking at the demographics of Tables 1 and 2, you will note that there is a pretty good spread of employers, countries and job positions represented. While the respondents are largely from U.S. insurance companies and U.S. consultancies, reinsurers, foreign insurers and regulators are also represented. Although 58% of the respondents live and work in the United States, nine other countries are represented as well. Finally, there is a good spread of job positions from CEO on down, including 10 CFOs and/or chief actuaries. Note that in foreign subsidiaries of large insurers, the jobs of CFO and chief actuary are often combined into one position.

The appendix contains the list of interview questions.

Table 1 – Types of Employers & Countries of Respondents

Country of Job Location	Foreign		Consultants				Totals
	U.S. Comp.	Comp.	Acc'ting	Actuarial	Reins.	Regulator	
Bermuda	-	1	-	-	-	-	1
Brazil	-	-	-	-	1	-	1
Canada	-	1	-	1	-	-	2
Chile	1	-	-	-	-	-	1
Hong Kong	1	-	1	-	-	1	2
Japan	-	-	1	-	-	-	1
Mexico	1	-	-	-	-	-	1
Spain	1	-	-	-	-	-	1
UK	-	-	3	-	-	-	3
U.S.	10	2	4	3	1	-	20
Totals	14	4	9	4	2	1	34

Table 2 – Positions held by Respondents from Insurance Companies

Positions	U.S. Comp.	Foreign Comp.	Reinsurers	Totals
CEO for Life & Health	-	-	1	1
CFO & Chief Actuary	3	1	-	4
CFO	1	-	-	1
Chief Actuary	4	-	1	5
Corp. Actuary	-	1	-	1
Product Actuary	1	-	-	1
Actuarial Oversight	1	1	-	2
Financial Oversight	-	1	-	1
M&A Oversight	1	-	-	1
Training & Reviewing	3	-	-	3
Totals	14	4	2	20

The large number of CFOs, chief actuaries and higher (11 out of 20 respondents who work for insurers or reinsurers) supports one of the impressions that I took away from the survey. That is, people who take international jobs often achieve a high level of responsibility relatively early in their careers. Many of the eleven had become a CFO or a chief actuary of a foreign subsidiary or of their company's international division within five years or six years after attaining their FSA. One of the respondents had been sent down to her company's Mexican subsidiary to "help out on actuarial work" and was subsequently appointed chief actuary for Mexico only two years after fellowship. Do international jobs automatically lead to career success? No, of course not. It is more probably a case of talented people taking demanding jobs which give them the opportunity to prove themselves on a wide variety of projects and responsibilities.

While the career rewards can be great, so can the risks, as several of the respondents pointed out. Taking on a lot of responsibility early doesn't always work out because those international positions require special qualities. First the actuary must be qualified. (Table 3 shows the many job functions that the respondents reported doing day to day.) Many

of the jobs are involved with financial reporting, so an intimate knowledge of GAAP (U.S., international, and/or company specific) and sometimes local STAT is required. On top of that, the person must also be a "jack of all trades" because the combination of lean staffs and the wide variety of products and projects means that the actuary must be able to continually cope with handling multiple projects. For example, in addition to the life and health lines, P&C is often a major product line in foreign offices. In addition to the financial management, product development and in force management responsibilities, the actuary can find that M&A and other projects often pop up. Further, the person must be flexible enough to be willing to travel extensively, to relocate to a foreign post if needed, and to appreciate the various local cultures and business methods they will encounter. Facility with foreign languages is very helpful and often required. One person commented that the rigors and complexities of his job mean that he essentially had to give up on a domestic career. Another said that keeping his family happy was very difficult, while another complained that he didn't have time to get married!

Tables 4 and 5 list the responses to the  
continued on page 20

Table 3

Rank	Job Functions	No. of Responses
1	Review Financial Reporting/ Valuation	19
2	Business Development	12
3	Review Pricing	9
4	Mergers & Acquisition Work	8
5	General Management Responsibilities	6
6	Project Oversight/ Management	6
7	Reinsurance, including underwriting	6
8	Audit Oversight/ Support	5
9	Planning—Strategic, Capital, Business	5
10	Product Development	5
11	Supervision of Staff	5
12	Oversight of Product Development	4
13	Training/ Internal Consulting	4
14	Conduct Sensitivity Testing	2
15	Embedded Value Modeling/ Review	2
16	Promulgating Laws, Regulations, Guidelines	2
17	US GAAP Conversions	2
18	Write Reports	2
19	Asset/ Liability Management	1
20	Developing Public Policy Proposals	1
21	Learning a Foreign Language	1
22	Marketing	1
23	Mentoring	1
24	Networking	1
25	Peer Reviews	1
26	Preparing Presentations	1
27	Problem Solving	1
28	Product—In Force Management	1
29	Recruiting	1
30	Reviewing Customer Complaints	1
31	Reviewing Financial Models	1
32	Stochastic Modeling	1
33	Travel	1

the overriding opinion of the respondents, while recognizing that there are some dangerous places to travel to and in, was to shrug off the concerns by commenting that one needs to be street-wise and careful. One person said that she felt safer in Beijing than in New York City.

The small company atmosphere of many international operations, especially for people in a foreign post, but even for those working at the home office international division of a Metlife or a New York Life, appears to be an important determinant of job satisfaction. The small company atmosphere makes people feel that they are playing a significant role and are “making a difference.”

There were many fewer “dislikes” mentioned. The largest categories were the amount of time that travel takes and the often overwhelming work load.

The respondents recognized the risks of going global for both businesses and individuals with 64 responses to the “What are the risks?” question.

One interesting comment was that foreign regulators sometimes try to make up for a revenue shortfall by surprising the insurance industry with an assessment via a regulatory change at year end, i.e., the actuary must stay tuned into the local politics. Several people commented that some governments, e.g., Japan and Taiwan, require higher contractual interest guarantees than can be earned in the securities markets, which makes product development and product management in those countries a challenge.

Not surprisingly the overwhelming majority of respondents (27 out of 34) feel that the international arena currently represents a major business opportunity for insurers and consultancies as well as a great career opportunity for actuaries. They feel that the opportunities greatly outweigh the risks. The

**Significantly, many felt good about the value they add in helping the local staffs through training them, consulting on problems and reviewing their work.**

series of questions about what people like and dislike about their jobs. Many responses were unique to international jobs and many were not. The overwhelming “likes” were the variety of people and cultures they have the opportunity to work with and the variety of projects they see. Significantly, many felt good about the value they add in helping the local staffs through training them, consulting on problems and reviewing their work. Travel rated highly as both a “like” and a “dislike.” Which bucket it fell into varied primarily by how much the respondent traveled. Several people reported spending more than 50% of their time traveling. Surprisingly the danger of travel, especially post-September 11<sup>th</sup>, was not highlighted more in the responses. Six people did mention “travel” as a risk in terms of personal security. (See Table 6.) However,

Table 4

Rank	What People Like about Their Job	No. of Responses
1	Working with other countries/ cultures	15
2	Diversity of work/ projects/ technical issues	13
3	Helping local countries' staffs	8
4	Opportunity to travel	7
5	Small company atmosphere	5
6	Business development	4
7	Making a difference	3
8	Meeting people & making friends around the world	3
9	Opportunity to speak Spanish	3
10	Intellectual challenge of financial/ stochastic modeling	2
11	Working on M&A projects	2
12	Challenge of growing revenue	1
13	Developing new products	1
14	Developing people	1
15	Having accountability for strategy/ priorities	1
16	Leading projects	1
17	Meeting regulators from other countries	1
18	Networking	1
19	Product Development Work	1
20	Public Policy work	1
21	Responsibility for bottom line	1
22	Seeing the big picture	1

One interesting comment was that foreign regulators sometimes try to make up for a revenue shortfall by surprising the insurance industry with an assessment via a regulatory change at year end, i.e., the actuary must stay tuned into the local politics.

Table 5

Rank	What People Dislike about Their Job	No. of Responses
1	Travel—too much	9
2	Overwork	4
3	Handling administrative details	3
4	Foreign executives lack of flexibility	2
5	Internal politics	2
6	As consultant—don't see results of projects	1
7	Always being at bottom of learning curve	1
8	Being away from home for long time	1
9	Danger in commuting and travel in some countries	1
10	Disappointment with actuarial profession's lack of interest in international issues	1
11	Doing M&A projects	1
12	Foreign executives reluctance to hire consultants	1
13	Getting sick in foreign lands	1
14	Government bureaucracy	1
15	Lack of data—for decision making	1
16	Long commute	1
17	Matrix management—lack of clear decision maker & accountability	1
18	No routine work—projects always changing	1
19	Travel—not enough	1
20	With thin staff—lack of access to boss when he's traveling	1

continued on page 22

Table 6

Rank	Risks of Doing Business Abroad	No. of Responses
1	Political & economic instability	16
2	Foreign exchange risk	10
3	Difficult/expensive to break in given barriers of language/culture/ diversity	7
4	Travel—can be dangerous	6
5	Volatility of regulations/ legal systems	5
6	Low interest rates in combination with high policy guarantees	4
7	Biggest risk is not being global	2
8	Keeping one's family happy	2
9	Lack of qualified people	2
10	Travel—can be exhausting	2
11	Banking systems—not transparent	1
12	Implementation risk	1
13	Inability to collect receivables	1
14	Institutionalized fraud	1
15	Lack of data	1
16	Not having standardized methods globally	1
17	Not leveraging knowledge—one country to another	1

mentioned that the biggest risk of all is in not going global. Also, several noted that even the political and economic turmoil that we are seeing in countries like Argentina and Indonesia actually represent opportunities for some insurers and consultancies. That is because the governments and companies in those countries would look to the consultants for advice, and many customers would seek out solid U.S. and European companies in times of stress. Table 7 contains the ranking of countries by the number of mentions as “good insurance marketing opportunities.”

Table 7

Rank	Countries with Best Marketing Potential	No. of Responses
1	China	19
2	India	16
3	Brazil	7
4	Asia	6
5	Japan	6
6	Eastern Europe	5
7	Latin America	4
8	Mexico	4
9	Taiwan	4
10	Europe	3
11	Argentina	2
12	Indonesia	2
13	Malaysia	2
14	Turkey	2
15	Chile	1
16	Countries with economic problems	1
17	Korea	1
18	Poland	1
19	Russia	1
20	Vietnam	1

The reasons given for

the international arena being a good current opportunity for actuaries are:

- International insurance market growth will continue to be higher than that of the United States in the foreseeable future leading to increasing actuarial opportunities,
- The increasingly complex international issues and financial reporting requirements will increase the demand for the technical expertise of actuaries,
- U.S.-trained actuaries are highly respected abroad and
- Working at a foreign post is a great training ground for actuaries.

One survey question asked about future career planning. Nine of the people said that they intended to remain in the international field and would not go back to a more traditional domestic job. Seven said that their career plan was to do a great job in their current assignment and they would not limit their future to any particular path. Three said that they would probably retire from their current positions.

See Table 8 for the responses to the question about what the interviewees identified as their greatest current needs in order to accomplish their missions. Several respondents made a point of saying that the cost of expatriate packages is too high, so they try to staff the local country offices with talented local actuaries or

primary reason for that optimism is the feeling that insurance market growth rates will remain much higher in many foreign countries than in North America and Western Europe as international trade grows and as the middle classes in a large number of countries continue to emerge. In fact, several

alternatively with U.S.-trained actuaries who are willing to accept the local wage rate.

One thing that the survey shows is that the international actuary's job is a taxing one, requiring special skills, and that it's not for everyone. However, there are clearly a large number of actuaries thriving in international roles, whether it's in the central office of an insurer or consultancy or in a far-flung regional or local office. The underlying theme from almost everyone I interviewed was that an international career is great for the talented actuary who seeks the opportunity to participate in a wide variety of projects, deal with diverse markets and products, and participate in different cultures and ways of doing business. Having the flexibility to handle the ambiguity of confusing or non-existent regulations and a lack of solid data along with a facility for foreign languages, is often essential.

Final note: I will be moderating a panel discussion on the topic of the roles of and opportunities for international actuaries at the SOA's annual meeting in Boston, October 28-30. □

**Appendix:**

Questions for the survey about international actuarial opportunities:

- 1) How does the international business fit into the overall company organization?
- 2) Would you say your company has a global orientation?
- 3) What % of revenues/ earnings is international of company total?
- 4) What countries are you currently doing business in? (note % of ownership)
- 5) How would you categorize your job? (Examples: General Mgmt., Oversight, Pricing, Product Development, Valuation, Financial Mgmt., Financial Reporting, Reinsurance, Underwriting; Consultant vs Company; Foreign vs Domestic Company; Central vs Regional vs Local)
- 6) What are your major job functions?

**Table 8**

Rank	Needed to Accomplish Mission	No. of Responses
1	Talented local actuaries in various countries' offices	7
2	Actuaries with strong technical & communication skills	5
3	U.S.-trained actuaries in various countries' offices	4
4	Actuaries with financial modeling skills	3
5	Spanish speaking actuaries	3
6	5-10 year actuaries with strong business development, communication & language skills	2
7	Actuaries with M&A experience	2
8	Stronger financial team in central office	2
9	A "rainmaker"	1
10	Actuaries with business development skills	1
11	Central office to spec out actuarial & accounting systems for each country	1
12	More product actuaries	1
13	Portuguese speaking actuaries	1
14	Problem solving actuaries	1

7) To whom do you report? How many direct and indirect reportees?

8) What do you most enjoy?

9) What do you like the least?

10) Who are others that you work with? How would you categorize their jobs?

11) How would you rate business growth opportunities in the international insurance arena in general? Why?

12) What are the big risks?

13) What is the mission and strategy for your company or office?

14) What are the countries with the greatest growth potential near term? Why?

15) What is the process by which your company evaluates whether to enter or exit a given country?

16) How would you rate career opportunities for actuaries in the international insurance arena? Do you expect your company to grow rapidly internationally?

17) What are the likely paths to best grow your career in the future whether in international or not?

18) In what areas do you currently have the biggest needs for additional resources to accomplish your mission? Why?

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