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**Editor’s Note**

*By Carl Hansen*

On behalf of my country of birth, please let me apologize for the Foreign Account Tax Compliance Act (FATCA). If you have yet to come across FATCA, consider yourself lucky. Basically, the U.S. Treasury is requiring certain non-U.S. entities to report information on accounts held by U.S. taxpayers in an effort to detect U.S. tax evasion. Even though it is a U.S. rule, it is amusing that most people in the U.S. have never heard of it. As we head into 2015, the reporting provisions of FATCA will undoubtedly cause headaches for many financial institutions and pension plans all over the world. One of the interesting aspects of working in a smaller jurisdiction is that I have had the ability to closely monitor the local response to FATCA, and to help shape how the rules are interpreted locally.

*International News* welcomes the three newly elected International Section Council members: Awa Agui, Graydon Bennett, and Athena Tsouderou. Readers can find more information on each of them starting on page 4. I will happily point out that Graydon is also based here in Guernsey. Thank you to the outgoing council members—Doug Carey, Sunil Sen, and Michael Witt—for your contributions on behalf of the section over the last three years. Carlos Arocha will be serving as chairperson of the Section Council this year. You can read about some of the plans for the International Section in his Chairperson’s Corner on page 3.

We feature the winning entry from the 2014 Country Feature Competition in this issue starting on page 6. Congratulations to Muhammad “Icki” Iqbal on his thought provoking article “Pension Provision – A Lateral Approach.” If you would like to win a cash prize of US$1,000 also, please start planning for the 2015 competition. The deadline always seems to come quickly following the many work requirements early in the year. More information is given on page 13.

Raymond Cheung of the Singapore Actuarial Society gives an update on the latest East Asian Actuarial Conference in Taipei on page 16. We are always happy to promote local and regional actuarial conferences. Please let the editorial staff or the section council know if you have an event that you would like to feature in *International News.*

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**Carl Hansen, FSA, FCA, MAAA,**

is international director at BWCI Group in Guernsey in the Channel Islands. He can be reached at chansen@bwcigroup.com.
For this new SOA year, the International Section continues its efforts of reaching out to this growing membership, not only the newly credentialed actuaries, but also the established members of the profession who reside outside the United States and Canada. Our mission is to encourage and to facilitate the professional development of our members and affiliates who are involved in international insurance, pensions, or Social Security programs, or who are interested in international areas of practice, through activities such as meetings, seminars, research studies, and the exchange of information.

It is my pleasure to introduce the 2014–2015 International Section Council. In particular I’d like to welcome Graydon, Awa and Athena as new council members:

- Carlos Arocha—Chairperson
- Wendy Liang—Vice Chairperson
- Graydon Bennett—Secretary
- Awa Agui—Treasurer
- Anna Dyck
- Lindsay Neu
- Warren Rodericks
- Rong Rong
- Athena Tsouderou

Our council is diversified and global as four members are based in Europe, and another one in Canada. We look forward to embracing the new year with excitement and remember, “together we progress.”

Chairperson’s Corner

By Carlos Arocha

As I write this, we are entering the holiday season around the world, in so many different ways across cultures. We will also be entering a new calendar year. At the SOA, the year already started on October 28, 2014 at the SOA 2014 Annual Meeting & Exhibit in Orlando, with the passing of the presidential gavel to Errol Cramer, who now serves as the President of the Society of Actuaries. The ceremony was preceded by the keynote speech from former Secretary of State Madeleine Albright, who delivered one of the most inspiring addresses, encouraging actuaries to acquaint themselves with the current international affairs, and praising the meeting’s theme: Together we progress!

Errol’s presidential address alluded to the fact that “… there may be quicker and easier choices than the SOA pathway to becoming an actuary, but the SOA designation is known for its rigor and selectivity and recognized worldwide as a highly credentialled qualification.” We are, in fact, the largest actuarial organization globally, with about 40 percent of the fully-qualified actuaries of the International Actuarial Association. We also reckon that “… we currently have 37,000 candidates in our education system, and that more than 20 percent of these candidates reside outside North America.”

We have a number of ongoing initiatives, but the one that I want to highlight here is research. We recently partnered with the Product Development, Smaller Insurance Co., and Marketing & Distribution sections to support research in the product development process. We are also requesting other proposals for research initiatives, which we believe should be driven by our membership. Ideal topics are targeted towards our international constituents, while also being informative for the U.S./Canadian membership. Please submit your research ideas to myself (ca@arochaandassociates.ch), Wendy Liang (Wendy_Liang@swissre.com), and Martha Sikaras (msikaras@soa.org).
New Members of the Council

GRAYDON BENNETT, FSA, FFA
Actuary, Assicurazioni Generali SpA
St. Peter Port, Guernsey (Channel Islands), U.K.

Professional Background
I studied actuarial science and pure mathematics at the University of Western Ontario in Canada before starting my actuarial career in a Canadian pension consultancy. After four years, I took a career break to travel through Europe, to visit friends in East Africa and South Asia, and to indulge in my hobby of mountain climbing.

I qualified as a fellow of the Society of Actuaries and settled in the United Kingdom, making the transition from pensions to insurance, and working for the international division of a large U.K. life insurer where I focused on regulatory financial reporting for Hong Kong, Singapore, and the Isle of Man. This was an eye-opening experience and impressed upon me that what appears to be a highly globalized and homogeneous financial services industry is actually deeply affected by regional particularities and cultural differences.

In early 2013, I moved to Guernsey in the Channel Islands to lead the actuarial reporting team of Generali Worldwide, a subsidiary of the Italian Insurer Assicurazioni Generali, specializing in international offshore employee protection and savings. I am also studying for the degree of Master of Laws with a specialization in insurance law through the University of London.

Society of Actuaries Experience (section and committee memberships and participation)
To date, I have had limited opportunity to volunteer with the Society of Actuaries but hope to provide many years of service in the future.

Other Relevant Volunteer Experience
I am involved with the activities of my local actuarial organization, the Channel Islands Actuarial Association and currently sit on the Charity Committee of my church in Guernsey. Previously I was involved in a volunteer project at a primary school in Kenya.

Why are you interested in leading the International Section?
Having lived and worked in three countries, I have formed an appreciation of the international future of actuarial work. I am keen to engage with members of the SOA who work around the world and to further the international objectives and initiatives of the SOA. It is no secret that cultural shifts and a growing middle class in the developing world will increase those regions’ need for financial protection systems and it goes without saying that actuaries must be at the forefront of the prudent management of these systems. I believe it is vitally important for security of the global financial system and for the future of the actuarial profession that the SOA be involved.

AWA K. AGUI, FSA, CERA, MAAA
Senior Associate, PricewaterhouseCoopers Chicago, Ill.

Professional Background
After getting my actuarial degree from the University of St Catherine, I spent two and a half years at Towers Watson working in the pension department. Since 2012, I have been working at PwC in life consulting. I have experience with pension and post retirement welfare plans as well as an array of life insurance and annuities products.

Society of Actuaries Experience (section and committee memberships and participation)
International Section Member
Other Relevant Volunteer Experience

- Chair of the High School Outreach for the Chicago Affiliate of the International Association of Black Actuaries
- Institute of Actuaries of Ivory Coast.

Why are you interested in leading the International Section?

I am originally from the Ivory Coast and I want to learn more about the state of the actuarial profession in Africa but also find out ways to help develop the profession there. I think the International Section would be a great opportunity for me to not only meet actuaries who are familiar with the African space but also, get opportunities to learn more about the advances on the ground.

I am also hoping to learn more about the actuarial profession internationally and how things vary from one continent/country to the next.

ATHENA TSOUDEROU, FSA, CERA
Ph.D. in Management Candidate, IE Business School Madrid, Spain

Professional Background

I joined Towers Watson in the United Kingdom as a new graduate and have been a consultant in the retirement line of business for four years. During this time, I worked in the London and Manchester offices and also spent six months on an assignment at the European Valuation Centre in Lisbon, Portugal. My role involved providing advice and performing valuations and de-risking exercises for the trustees of U.K. pension plans, as well as performing pension plan accounting for U.K. companies. I had many opportunities to give training and presentations to other consultants, a part of my job that I enjoyed a lot and found very rewarding. Following my qualification as an FSA, I decided to focus more on my true passion, which is teaching, and take a different view of actuarial matters through academic research. Hence, in September 2014, I started my Ph.D. in Management, at IE Business School in Madrid, Spain.

Society of Actuaries Experience (Section and committee memberships and participation)

I have been a member of the International and Joint Risk Management Sections. Since my qualification as a fellow in March 2014, I am seeking opportunities for volunteering with the SOA, for example organizing and supervising exams sittings in Spain and getting actively involved in the local actuarial community.

Other Relevant Volunteer Experience

- Chair of the High School Outreach for the Chicago Affiliate of the International Association of Black Actuaries
- Institute of Actuaries of Ivory Coast.

Why are you interested in leading the International Section?

I am originally from the Ivory Coast and I want to learn more about the state of the actuarial profession in Africa but also find out ways to help develop the profession there. I think the International Section would be a great opportunity for me to not only meet actuaries who are familiar with the African space but also, get opportunities to learn more about the advances on the ground.

I am also hoping to learn more about the actuarial profession internationally and how things vary from one continent/country to the next.
Societies always consist of those that have and those that do not. In the United Kingdom one split is between those who belong to a good defined benefit pension scheme and those that do not. The former is a dying breed. The regulators don’t make it easy for those who want to set up their own pension plan.

My daughter, who is a solicitor, showed me an illustration she had received on her pension plan. The plan was taken out in the mid-thirties for monthly premiums of £300. Benefits at age 65 are illustrated assuming an investment return of 4.1 percent. The projected fund is £211,000 but, the quote says, it would only be worth £109,000 if inflation is 2.5 percent p.a. in the intervening period. The fund would purchase a pension of £275 month, which would increase with RPI and 50 percent spouse’s pension on her death.

She asked me, “Tell me why I should bother with a pension?” That was a difficult one to answer. Pay £300/month for thirty years to get £275/month for 5, 10, 20, 30, 40 … who knows how many years but on average, say 20 years. Doesn’t strike me as a good bargain.

There are two problems here. First, charges are an extortionate 1 percent per year. In the bad old days of the Wild West, before the regulators got rid of all the cowboy practices, charges appeared high because they were front end loaded and to some extent were high because you got advice with it. Now, you get poor products with no advice. That is the price the consumer lobbyists exacted from the industry. Other than to note it, we can’t put the clock back.

But the other problem is an interesting one. The fund at 65 is converted into a pension assuming an interest rate of -0.60 percent, a negative real rate of return. I know we live in the age of quantitative easing when governments are pumping in money and keeping interest rates artificially low; but is it reasonable to assume that it will persist in the future? Either there will be an almighty explosion or inflation will rise and with it bond yields? At the very least isn’t an explanation appropriate?

I wonder if it is time to give financial products a miss. The sector is bloated, the money earned can be obscene. The sector has lost touch with reality. If retirement provision is left to the individual then it need not be money. For example food can be provided by pre-purchasing say, a supply of proteins, carbohydrates and other things to be delivered in the future. Instead of a pension the individual could get coupons which are in effect inflation-proofed. These coupons have to be purchased. They could be purchased when you are working but who would issue them? If it were a supermarket then the supermarket takes the inflation risk.
The individual is not insulated from risk. He takes a different form of risk. Firstly, he risks the solvency of the supermarket. Secondly he takes the quality risk. In the United Kingdom, Marks & Spencer might have superior quality compared to say Asda but how could you be confident of their relative position thirty years hence? There are other issues: You would need a very tight definition of food items. Had coupons been issued in the 1950s would they have provided just meat pies and chips and peas?

If the idea were to get off the ground then one can imagine a market developing in tradable coupons so that, for example, someone who’s turned vegetarian can swap his carnivore coupons for a vegetarian one. One can also envisage different grades of coupon, “Basic,” “Regular” and “Finest.” A more basic question is whether to supply cooked food or the ingredients.

Suppliers of coupons would need a market in which they can lay off the risk. They must be prepared to buy-back the coupons before they “vest.” However if someone has purchased food that’s gone out of fashion, everyone would be trying to trade the coupons in and its price would drop. Laws of economics can’t be circumvented.

Shelter is another issue. If you don’t own a house then you have to find the resources for rent. Can rents be pre-purchased? If you have been able to purchase a house/flat in the Earner phase, you have housing stock which can be retained or traded for one more suited to your present requirements.

What about utilities? Heating, lighting and water? Again you either have funds to meet their cost or pre-purchase coupons. The latter ought to be easier than in the case of food as units of power (or water) can be readily defined. Again these are long-term liabilities and their providers should be subjected to solvency requirements comparable to that of a life company. We remember that Enron went under because they provided banking products without the same regulations. Anyway, what energy are we talking about?

Local Tax, is an interesting one. Local government provides a range of services. In order to pay for them, they receive a grant from the central government but the amount is not sufficient. Rates are set at a level necessary to extinguish the shortfall. Being the difference between two large numbers, it is highly sensitive to minor changes in either.

Pre-purchasing rates raises several issues. Would you have a clear idea when 45 as to what local services would be important to you when 75? Even if you did, what is the guarantee that the local government would be able to deliver? They have to look at the majority view of the residents in their domain. Indeed, which local authority would you be concluding a contract with? You may move when you retire.

Even if all of these issues can be addressed, put yourself in the position of the local authority. If the services and rates are fixed for those who pre-purchase and the central government squeezes the grant, the increase in the pay-as-you-go rate would be highly geared if books are to balance. In the limiting case of everyone pre-purchasing, it can be seen that the problem is insoluble. The local government would be forced to dip into the prepayments that should be set aside to cover future services.

I conclude that local government services can’t be pre-purchased.

Purchasing leisure should in theory be feasible. But in practice successful delivery might be a problem.

“If retirement provision is left to the individual then it need not be money.”
The travel agent would be pre-purchasing deals with foreign hotels and resorts and their assurances might not be worth relying on.

Finally, funeral costs can certainly be pre-purchased.

PURCHASING COUPONS

A Buyer’s Perspective

If an individual prefers to buy goods and services as and when needed, then he’s well advised to buy an orthodox annuity to avoid the longevity risk. If he wishes to avoid the inflation risk than he can pre-purchase coupons. The quality of the seller’s promise is the foremost issue:

1. What is their track record?
2. How consistent has it been?
3. Will it change over time?
4. Can each year of promise (the year it is made rather than the year it is to be delivered) be secured with appropriate assets?
5. If it is, what is the counter-party risk?
6. How does it propose to deal with “catastrophe risk” e.g., crop failure?
7. What about political risk?
8. OK, I will be protected against inflation but what if there is deflation? How likely is deflation?

Is diversification desirable? To use the food coupon example, does one buy coupons from a number of supermarkets? Can one live with the curates egg of a food choice?

One has to ask whether people would actually buy coupons, which gives them inflation protection, longevity protection and assurance of delivery, or whether they’d prefer cash, which doesn’t provide the same protection but has ultimate flexibility. The difficulty would be not knowing what we would need in the future. That certainly applies to leisure but could also apply to food and shelter.

The irony is that the best time to buy coupons is times like the present when inflation is low as the price would not be excessive. When the inflation threat is real the coupons would be very expensive.

Example (the figures are illustrative, not real): Price of a kilo of lamb today: £10 say

<table>
<thead>
<tr>
<th>Inflation rate (predicted)</th>
<th>0% pa</th>
<th>5% pa</th>
<th>15% pa</th>
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<tbody>
<tr>
<td>Long term interest rate</td>
<td>½% pa</td>
<td>4% pa</td>
<td>12% pa</td>
</tr>
<tr>
<td>Price of coupon*</td>
<td>£436</td>
<td>£726</td>
<td>£1,311</td>
</tr>
<tr>
<td>Cash price 35 years hence</td>
<td>£520</td>
<td>£2,939</td>
<td>£74,264</td>
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* The coupon guarantees a kilo of lamb a week for a year after 35 years. The cash price of the meat 35 years hence is also shown. When inflation is really low, one thing a buyer of a coupon should consider is the likelihood of there being deflation so that goods would actually cost less in the future.

The coupon can guarantee delivery for the rest of life from the date specified, so that you are protected from both inflation and longevity. Alternatively it could be for a specified number of years. The latter would be much cheaper, but of course you don’t get longevity protection.
A Seller’s Perspective
In my view, the most important fact to consider is the risk of retrospective judgment of a promise made today for delivery thirty-five years hence. Talk to any life insurance company that had transacted with profits business. Consider two scenarios:

1. If you’ve promised a kilo of lamb but lamb is out of fashion as a source of protein who’s to say what the Ombudsman would say?

2. What if you’ve factored an assumption regarding future inflation into your pricing but then there is deflation. Will there be consumer pressure of “mis-selling?” If there is, would the politicians and the regulators cave in?

At the end of the day tightness of definition is your only defence but it may not be enough.

Assuming that can be solved, the other issues are:

1. Securing the goods promised

2. Do you enter into a forward contract with a farmer or farmers? How good is their promise? Or do you purchase a financial instrument? If you do the latter how does the issuer of the contract ensure delivery?

3. Capital required

4. As an issuer of a long-term contract, will you be treated as a life company or be treated as an investment bank? Either way do you have to set up a separate company to deliver it?

5. Counter-party risk

6. Longevity risks

7. Skill-mix. Will the Finance Director, used to fast moving consumer goods, be capable of dealing with long-term risks? Witness the problems of banking conglomerates since the repeal of the Glass-Steagall Act.

I’m not convinced that the idea will fly. People might prefer the flexibility of cash but a time will come when anger at bankers’ salaries and excesses of hedge funds might goad people into seeking alternative solutions.
An Example of the New Silk Road: The Creation of a New Private Insurance Industry in Post-Mao China

By Charles Bentzin

During Mao’s reign the government owned or controlled most or all of the means of production, distribution, and allocation of all of China’s goods and services. This included the government providing economic security which was said to be from the “cradle to the grave.” Consequently, most or almost all of the risks that might arise to any firm, institution or individual during Mao’s reign were assumed by the Chinese government and the Chinese government did not see any need for any insurance to help them deal with these numerous risks. This pooling of all risks in China was similar to the practices of many other countries. In China only a few demands for insurance arose because any losses arising from most risks were paid for by the government. In the few circumstances where risks needed to be insured, the Chinese government required that all insurance on any lives or goods within China be provided by a Chinese government owned insurance company.

The small amount of insurance used in China was usually related to the importing or exporting of goods while the goods were in transit within China. This Chinese insurance usually did not apply when the imported goods were still waiting to be unloaded from the delivering ship or when the exported goods had been loaded onto the outgoing ship. At these times these goods were usually insured by commercial insurance companies not owned by a government. Consequently this Chinese insurance usually involved policies of very short durations; sometimes as short as a few days or weeks. To fulfill these limited insurance needs for goods in transit within China the Chinese government created the Peoples Insurance Company of China (PIC). Because of the limited nature of the PIC’s activities, PIC personnel had a much narrower and limited insurance experience than similar persons employed by a typical private insurance company in the west.
After the end of Mao’s reign, the Chinese government decided to adopt a modified and controlled market economy model. This meant that the government, over time, would no longer own or control most or all of the means of production, distribution, and allocation of all of China’s goods and services and that the government would no longer provide security for its citizens from the cradle to the grave. Consequently, a large number of risks arose which individuals, institutions, and corporations needed to address while they were managing their lives and companies. However, the government had determined that these new insurance needs should be filled by private Chinese domiciled insurance companies. This lead to the creation of a new private Chinese insurance industry.

Several press reports stated that it is likely that the Chinese government had determined that the cost to the Chinese government of the previously promised cradle to the grave economic security was going to be too much for the government to bear and that the government should encourage individual Chinese citizens to pay for the cost of their own economic security through insurance purchased from private insurance companies. There has been no official confirmation of the Chinese government’s intention that each citizen would pay for that citizen’s own economic security. But it is not surprising that such an intent could exist since in numerous countries, it is likely that benefits that the government has promised to its citizens will, over time, cost more than the country will be able to afford.

To verify that these new private Chinese insurance companies would be able to properly provide for the insurance needs of Chinese citizens and organizations the Chinese government adopted rules and regulations covering the formation and operation of the privately owned Chinese insurance companies. The new private insurance companies included Chinese-owned companies, companies partially owned by Chinese firms and partially owned by non-Chinese (such as Ping An that was partially funded through Goldman Sachs), and insurance companies entirely owed by foreigners such as the American Insurance Group (AIG), which was formed in Shanghai in the 1920s by C. V. Starr.

As previously noted, insurance involves promises that have been created by people and that need to be administered by people. The proper management of an insurance company requires a dedicated management and staff with many different skills. Employing qualified persons with the requisite skills, integrity, and experience was extremely important to these new private Chinese insurance companies.

Some of the different types of skilled staff required for the effective operation of private insurance companies include:

1. Governmental regulators who are capable of determining whether a new private insurance company is sufficiently well capitalized and managed to be permitted to provide insurance and who can continually monitor each company’s continuing operations.

2. Boards of directors and senior officers to establish and maintain appropriate company policies and to make certain the companies operate in an appropriate manner.

3. Marketing and sales personnel to identify possible risks that could be insured and determine the most efficient ways to reach these insurance markets.

4. Underwriters to classify and evaluate the risks that are being considered.

5. Actuaries to determine the premiums to be charged, the reserves to be established, and cash flow requirements.
6. Investment professionals to invest the insurance company’s funds to provide a sufficient rate of return, liquidity, and safety and to provide for the cash flow needs of the companies.

7. Claims personnel to effectively and properly determine the amounts to be paid under the policies.

8. Attorneys to draft the policy forms, deal with legal matters, assist with the payment of claims, and assist with the preparation of documents to be filed with the regulatory authorities and other stakeholders.

9. Accountants to properly record and present the company’s financial results, possibly on both Statutory (according to applicable laws and regulations) and GAAP (Generally Accepted Accounting Principles) bases, assist in the preparation of any forms required to be filed with regulatory authorities and with any stakeholders, calculate the company’s tax liabilities, and prepare any required tax forms and returns.

10. Information technology specialists to develop systems that accurately provide information to all company personnel to that they can quickly and effectively do their work.

All of these persons would need to work efficiently and well together for the insurance company to achieve satisfactory results.

For companies, like AIG, that already had large overseas operations, transferring personnel and systems to China was relatively easy and rapid. For most other companies it was more difficult and time consuming. There were few, if any, thoroughly trained and experienced insurance people already living in China. As previously noted, the PIC personnel’s experience was limited. In addition, there had been no private insurance companies in China from when Mao took over China in 1949 until after his death in 1976. Earlier, after the Japanese attacked China in 1937, the then existing insurance industry severely restricted their operations. As a result, there were few, if any, experienced insurance personnel available in China. For the few that remained, their knowledge was extremely out of date.

Companies tried to recruit Chinese living in Taiwan or overseas who were working in insurance companies and also recruited the relatively small number of professional insurance personnel living in Hong Kong. To the extent possible they also outsourced certain operations. Perhaps most importantly, they instituted aggressive training programs which included the methods, information, and techniques already being used in other countries. All of these efforts were influenced by the realization that it takes a long time to train insurance personnel. For example, to become a fellow of the Society of Actuaries has taken candidates, on the average, eight years. The Society of Actuaries assisted in establishing actuarial programs in universities in Beijing and Hong Kong to facilitate the training of Chinese actuaries.

All of these efforts to recruit and train qualified insurance personnel who would enable the creation of an effective and viable new private Chinese insurance industry in China represent the transfer of ideas and technology-which was the essence of the activity along the Silk Road. This is why the creation of a new private insurance industry in post-Mao China is a worthy example of exchange along a New Silk Road.
Do you want U.S. $1,000 for writing about something you find fascinating and become a published author? Read on:

The International Section Council (ISC) is pleased to announce we are running our Country Feature Article Competition again this year. Here is a chance for you to win a cash prize of U.S. $1,000 for first place, or U.S. $500 for second place. If you are not an International Section member yet, simply join the section for U.S. $25 and then submit an entry. You do not need to be an SOA member to join the International Section so please pass the word on to others who may be interested. The preliminary deadline is April 30, 2015 to ensure eligibility in the contest.

Markets vary by country due to such local factors as history, economic system, regulations, consumer behaviors, social values, and culture. The Country Feature Article Competition provides you with a forum to share your experiences, interesting facts, or statistics that reflect your country’s distinctive qualities.

Your article can be about any non-U.S. topic or topics that you find informative and interesting. For example, it might be about local actuarial organizations and activities, the actuarial profession in traditional or wider fields, financial products, social security reforms, employee benefit practices, or the insurance sector in your country. It could be about market trends in pensions or insurance products. It could be technical or informal. The choice is yours!

Eligible Authors:
• Any International Section member

Rules:
• The article must be a previously unpublished article.
• The write-up should be no more than 2,000 words.
• Photos, charts, tables or graphics are encouraged for illustration. Any photo sent should be in either .jpeg, .tif, or .eps format with a print resolution of at least 300 dpi. We accept photos taken by you or photos with permission to use provided by its original owner.

Deadline:
Please e-mail your submission to Sue Martz (smartz@soa.org) by April 30, 2015. Please give full contact details for the author. Selection and Announcement: The ISC will select and advise winners by early summer, using criteria such as “That was so riveting” or “That explains what I always wondered about XYZ”, etc. We look forward to receiving your entry.
The Mortality Working Group (MWG) meets twice a year as part of a 5 day period of meetings of the IAA committees and working groups. The second meeting of 2014 took place in London, England in September 2014 and this summarises the discussions.

The MWG exists to study mortality and monitor studies completed by other organizations worldwide, to make this information available to actuaries and others worldwide, and to contribute to and organize other opportunities for communication where appropriate.

A few of the topics in this meeting were:

- Country reports from Japan, Netherlands, UK and USA. These reports summarize recent mortality related activities in the various countries.
  - Japan has adopted a new table, the 2007 Standard Mortality Table.
  - A presentation was provided on the mortality projection method used in the Netherlands. This is an example of what can be done in a country with a relatively small population.
  - For the UK, a written report was presented. Topics included: mortality by cause of death, including the prominence of Dementia and Alzheimer’s, longevity inequalities by socio-economic status, and different views on longevity improvements. It was noted that the Continuous Mortality Investigation (CMI) released several papers, including updates on Mortality Projections version 1.5, Critical Illness (CI) results based on data from 2007-2010, individual life income protection experience by cause of sickness based on data from 1991-2009 and an experience study of self-administered pension scheme mortality.
  - Two new U.S. mortality tables have been released for comment. For the uninsured private retirement market, the RP-2014 Mortality Tables and the accompanying MP-2014 mortality improvement scale. For the individual life market, the 2014 VBT table has been exposed for comment. In addition, an experience study of individual payout annuities was published. The results of a survey providing insights into the nature of underlying select mortality assumptions has been published. Issue 1 of 2014 of the North American Actuarial Journal (published by SOA) provides a number of articles focusing on Longevity Risk and Capital Markets.

- Two presentations were given to the MWG, one on “Projecting Mortality by Cause of Death” by Peter Banthorpe, Chair of the UK Mortality Research Steering Committee. The second was on “Mortality Improvement work by CMI” currently underway by Tim Gordon, chair of CMI. Tim was keen to encourage sharing of knowledge and data internationally, which will enable better projections all round. The MWG agreed to support this, and MWG chair Paul Lewis will put together an issues document.

- A presentation on recent Finnish mortality research

- A study on a comparison of mortality cohorts in 36 countries

- Al Klein mentioned the Society of Actuaries initiative to create a longevity strategy taskforce. Its goal is to educate actuaries and the public about the implications of longevity. They are also looking for potential partnerships.

- The group discussed how it can develop on its aim to make the Group’s Information Base (www.actuaries.org/mortalityinfo) more accessible and
more useful to actuaries and others interested in mortality and longevity, worldwide. The initiative to circulate the Mortality Update to actuarial associations in five languages had proved successful, and volunteers were forthcoming to increase the number of languages for the London (this) update.

- Dov Raphael gave a presentation on his work on an International comparison of the cohort effect on mortality projections and its parameterization

This is a summary of the MWG’s discussions in London. The full minutes, presentations and papers from this meeting (and previous meetings) are available (without the need to register) at: www.actuaries.org/mortalityupdates

While translations are not yet ready, we hope to issue this Update in English, French, German, Italian, Japanese, Mandarin, Portuguese and Spanish.

YOUR RESPONSE AND SUGGESTIONS
The IAA Mortality Working Group welcomes your input and suggestions on our work. Please address any comments to the Mortality Working Group at iaam-wg@actuaries.org

ON THE RESEARCH FRONT

CARIBBEAN EXPERIENCE STUDY AVAILABLE
The International Experience Study (IES) and the Caribbean Actuarial Society developed an experience study on Caribbean mortality and persistency studies of policies in force any time during the 2002-2007 period. The IES is a joint research venture of the SOA’s Research Department and International Section, the International Actuarial Association, local actuarial associations and corporate sponsors.

READ THE INTERNATIONAL MORTALITY RESEARCH RECAP
East Asian Actuarial Conference – Taipei!

By Raymond Cheung

The 18th East Asian Actuarial Conference (EAAC) in Taipei concluded in October with a big bang! It was truly a remarkable event which attracted more than 750 delegates from Asia and other parts of the world to attend.

The conference theme for this year was “Risk, Challenges and Opportunities.” The theme was chosen aptly to reflect the vibrant, dynamic and rapidly changing landscape of the insurance industry in Asia. The conference was a great platform for actuaries and risk professionals to come together to discuss, share, challenge and debate on the theme from the diverse actuarial disciplines including life insurance, general insurance, health insurance, risk management, pension and social security, with the focus on the markets in Asia. The EAAC organising committee received so many high quality papers (well over 60) for this conference that they had to increase the number of planned parallel sessions from 36 to 48. Needless to
say, the conference was absolutely phenomenal, power-packed and stimulating for all the participants!

The conference started with a warm welcome reception night. It was a pleasurable night of networking with actuaries from different countries who came with a heart of anticipation for a great conference ahead. Besides the opportunity to network, participants also enjoyed patronising the different stations showcasing some interesting crafts, calligraphy and Taiwan local delicacies.

The next day, Ms. Ruth Chu, the Chairperson of the 18th EAAC Organising Committee, officially opened the session with “How are you?” in six different languages, which attracted a round of applause from the audience. This was immediately followed by a captivating lion dance performance. The opening address and the keynote speeches were inspiring, capturing the heartbeat of the audience of more than 750. There were great interactions in the hall with the audience actively raising many thought-provoking questions.

The parallel sessions were equally fascinating. Over the next two days, many ideas, concepts and viewpoints were shared, contemplated and debated among the greatest minds in the world throughout the conference. Some sessions were so overwhelming with responses that many enthusiastic participants had to stand throughout the sessions.

Another highlight of the conference was the different sightseeing and tours arranged by our organisers in the afternoon of day two. The delegates enjoyed the vast array of beauty on this amazing island in different parts of Taipei City. I could not believe my eyes when I saw a picture of myself wearing shirt & pants and doing Tai Chi in the deep of a coastal mountain area! Some other delegates in the different tour were enthusiastically learning a new cooking skill as an alternative career path to their actuarial profession!

The conference was concluded with a grand gala dinner. The highlight of the night was the country performances. It was truly great fun to watch the dancing and singing performances by the delegates and representatives from different countries. We thoroughly enjoyed the night with lots of laughter and fun, taking many “selfies” and “groupfies” to capture the happy moments with one another.

We have just witnessed an actuarial conference growing from strength to strength every year, extending its influence throughout Asia and beyond. I would like to congratulate Taiwan for organising such a high-quality conference. Thank you Taiwan for being a wonderful host in the 18th EAAC Conference!

The baton is now handed over to Thailand for next year and the conference will be renamed as Asia Actuarial Conference (AAC). I am looking forward to participating in the 19th AAC next year in Bangkok with you.