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Session 25PD Opportunities for the International Actuary

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Summary: Have you thought about what it would be like to live and work in a foreign country? Because our world continues to shrink, more and more of our members are working outside of their home countries. Our employers are more globalized, and future actuaries may see themselves as citizens of the world rather than citizens of their own countries.

Mr. Thomas A. Jaros: The goal of this session is to answer some of the questions you might have if you're thinking about going abroad. We'll discuss what it's like to live and work in another country.

Each one of the three speakers is first going to be talking about personal considerations when going overseas. You might not see personal considerations mentioned very often at actuarial seminars, but going overseas is a real change to your personal life, and that can also affect you professionally. It's a well-known fact that two-thirds of the people who go overseas to work in another country don't like it and return early. We'll also be talking about professional considerations of working overseas. Most of this is going to relate to our own personal experiences, which may be the best way to approach the topic. At the end Cathy O'Bright will discuss the many international opportunities for people who might be considering working outside the U.S.

We will try to offer three different perspectives from the three speakers. I'm an expatriate who has been living in Hong Kong for about two-and-a-half years. I'm

from Des Moines, Iowa, and I've worked with a large insurance company. We set up operations in Hong Kong, so I followed the company over there. Our Hong Kong company is a very small insurance operation right now, and we've only been in operation for six months. My job has been starting up the operation and also exploring new countries in Asia that our company can enter.

Our second speaker will be Mike Swerdlin. Unlike me, he has always been locally employed. I've worked as an expatriate, and I'll explain the difference a little later on. Mike was born in the U.K. and was educated in Australia. He has spent his working lifetime split between Australia and Israel. He's the deputy actuary and actuarial manager at Tyndall Australia, Limited, which is a medium-sized financial services corporation based in Sydney.

Our third speaker will be Cathy O'Bright. Cathy currently lives in Canada, but she has worked in Belgium, and in other countries around the world. She used to work for a multinational insurance network, a company that's designed to coordinate insurance companies' efforts. She currently works with The Coles Consulting Group.

As I said, I'm an expatriate. An expatriate is a person who has been assigned outside his or her own base country to work for a limited period of time. This distinction is important because when I went overseas I knew it was only for three to five years, and not for the rest of my life. Expatriates are very commonly used by large corporations when they want to set up an operation and bring in the corporate structure and philosophy. After that has been accomplished, the expatriates leave.

Most of my experiences will be based on a common expatriate policy called "equalization," used by many companies. Behind equalization is the belief that the adjustment going to and coming from another country will be much easier if you try to keep things about the same as before a person left. So, if a company adopts an equalization policy, they'll try to keep housing conditions fairly similar, for example. They'll give cost-of-living allowances to allow expatriates to eat the same food they might be used to. They'll try to keep the kids in the same types of schools that they might be used to. The idea with equalization is if you go overseas for a short period of time, the adjustment will be much easier for the employee. It's not the only policy that companies use, but it is a very common one.

As I stated, we're going to start off with personal considerations for expatriates, which we think is important. I've divided this up into two sections. One is spouse and family, and the other is all other things that you might want to consider. I'll put the spouse and family considerations first because not taking these considerations

into account is often one of the biggest reasons expatriates return early from their assignment.

One of the things you might want to consider if you're going overseas is whether your spouse can work in another country. If you go overseas as an actuary, you might find you'll make many contacts and friends through your work, and your work will keep you busy. It might be another story for your spouse, who won't necessarily have employment and therefore may not have the instant contacts that you will. It's something to consider.

Another thing to consider is how easy it might be to meet other people and develop some social framework. I've noticed that in Hong Kong it's very easy to meet people, as there are 300,000 expatriates currently living there (though the population's very transient). We have a number of local friends, too. So you may get to meet all types of people.

If you have children, you might want to think about what type of schooling will be available. In some countries, the cost for grade school for children is as expensive as going to a major university in the U.S. You'll want to consider this if you're taking your family. If your company has an equalization policy, the schooling might be paid for. We send my oldest daughter, who's five, to a local school. She's picking up the local language much quicker than I am. You'll want to look at the type of schooling that might be available if you're considering moving your family.

Another item of consideration is how your move might affect your spouse's employment. Many companies with equalization policies will help your spouse find a job when you return to the U.S.

If you're going overseas, housing can be very expensive. Does anybody have an idea how much a three-bedroom, 2,000 square foot apartment might cost in Hong Kong? Rent for a typical three-bedroom apartment designed for Westerners in Hong Kong is \$12,000 U.S. a month. It is very expensive. If you have an equalization policy, your salary will be increased enough to cover that rent because your company will want you to keep living in a style that you're accustomed to. Local people don't necessarily live in places that large. This doesn't just apply to Hong Kong. If you go to Bombay, or Tokyo, or even to Jakarta, you might need a housing allowance to make ends meet and maintain your current housing standard.

Cost-of-living adjustments under equalization policies attempt to increase your salary enough to cover the types of items an American would buy. I'll give a simple example of bacon. If you go to buy bacon, it's five times as expensive in Hong Kong as it is here. Companies will give a cost-of-living allowance to buy American-

type items, which is important if you want to maintain your lifestyle. Not all expatriates buy American-type items. What we've done, like so many other people, is slowly but gradually started buying the local vegetables, the local meat products, and so forth. But companies with equalization policies do make it possible to, at least from a monetary standpoint, to maintain the lifestyle of buying American-type products.

In some countries, it's required that you hire a maid or a servant. You might feel uncomfortable with somebody living in your house. Then again it might be the best thing that ever happened to you. In other countries it's not required but just a matter of custom. In Hong Kong it's just a customary benefit.

Cars and drivers are something you might want to look for in company expatriate policies. Some companies provide cars for their employees, and the driver does nothing but sit around and wait to drive you places all day. That's the driver's entire job. It depends on how developed the country it is that you might be going to. I don't get a car. I don't even have a car in Hong Kong. It would be more trouble than help in a very crowded city.

Language differences are another consideration. I'm living in what was recently a British colony, so everything is written in English, but 98% of the population speaks Cantonese. My wife has learned the local language, and she does quite well with it. I, on the other hand, just know a few words, unfortunately. It's important to get to know people.

There will be big cultural differences. I see my daughters doing things you wouldn't see much in the U.S. like pushing people getting into an elevator and grabbing at the dinner table. Nobody says "please pass" in Hong Kong. The way you interact with your family will be viewed differently.

There is a real lack of American items. I don't know if this is good or bad. I enjoy a lot of things in Hong Kong, but they're not the same things I enjoyed in the U.S. It's much more difficult to go fishing in Hong Kong. I had to forget about bowling. I don't eat big steaks in Hong Kong, but I love going to the beach and the parks. I also love *dim sum*. There is a real change in just the little things that you might enjoy. Keeping in touch with people back home can be a problem. I now live with a 13-hour time difference between Hong Kong and home. We tend to write much more rather than call. It's just a little bit different.

The last thing about personal considerations I'd like to mention is that if you're thinking about going overseas, start thinking about returning home before you leave, if you're going over as an expatriate. There are readjustments when you

come back. When I get off the plane here, I can't believe how tall people are. I can't believe how little traffic there is. I also can't believe how hard it is to get something to eat at 11 o'clock at night and how hard it is to get around. The last time we came back to the states my five-year-old daughter told me, "Dad, let's not get a rent-a-car. Let's just take taxis." When you're in Des Moines, Iowa, finding a taxi is next to impossible. Another change is that I won't have a maid when I come back. I won't have the convenience of having 30 restaurants within two blocks of my home. Then again, the clear air, the lack of traffic, and the big house is something that I'll gain when I come back.

I have one last item from a personal standpoint. I've been told this over and over again—and I think this is important if you're thinking about going overseas—when you come back, people aren't too interested in your experiences. I try to keep stories down to a minimum unless people ask, and even then I try to be brief.

Mr. Michael Swerdlin: I was born in London and at the age of eight I went to Sydney, Australia. I finished high school in Sydney and began studying actuarial courses at a life company in Sydney. All of my working career has been in life insurance or superannuation, as the pension industry is called in Australia. It's a very simple, lump-sum type pension that most people fund for. It is complicated to administer but not in an actuarial way.

As you'll see from my experience in various places, they skip around. I worked in Sydney, Tel Aviv, Sydney again, Tel Aviv again, and then Sydney again. My qualifications are that I'm a Fellow of the Institute of Actuaries (FIA) in the U.K. where I did my studies. As a consequence of being a member of the Australian and Israeli associations, I'm a Fellow there as well and an Associate of the Society. I am currently working in Australia. I work with a medium-sized financial services group that sells risk products. Disability income insurance is a big seller for us. We also have a trust company, and we sell what's called in Australia "unit trusts." I think they're called mutual funds in the U.S.

My moves have been motivated by considerations that are very different from Tom's. I've moved on each of these occasions, with the intention of going permanently. The moves to Israel have been motivated by my heritage, the roots that I felt, and my history. The moves back to Australia have been motivated more often by the fact that I really do like the good life, and I found life too hard in Israel. I wanted a break or I wanted to come back indefinitely to Australia, and so it has gone on. I don't have any intention of returning back to Israel. I think personal experiences certainly are relevant for those who feel similar attractions to places where they have roots or where their spouses perhaps have roots. There might be many Americans of Asian origin, people in Canada, or those perhaps from the

Indian subcontinent, or people who feel that they want to leave the place where they've grown up because they perceive better opportunities or lifestyles or better cultural opportunities elsewhere. I think my experiences would be similar to anyone who has made the move for those reasons. There'll be no mention of chauffeurs or \$12,000 flats in my experience. I think if I had to pay \$12,000 for a monthly rent on a hotel, I'd stay here.

My first move was early in my career, in my 20s. I think the primary characteristic of a move at that age is the many options that you have, and I don't mean in the manner in which you travel. It's more a question of the opportunities you have for different job offers. When you're young, people are interested in you. When I first went to Israel, there wasn't a company that didn't offer me a position of some sort.

You have fewer ties if you get up and leave at an early stage of your career. You may or may not be married. You're unlikely to have dependents. You're leaving your parents behind, but it's an adventure, and you're not tied down in the same way that you are later on in your career. You can certainly be more flexible about the sort of employment that you'll take, about the wages that you'll accept, and about the place that you'll live. There are far less risks. You probably do not have an important position in your company that you must consider giving up. It's unlikely that you'll suffer greatly if things don't work out, and you turn up on the doorstep two or three years later. You do not have much at stake.

In the new environment, you'll find some of the things that Tom mentioned. There will likely be a different language. I certainly had to learn a different language and a different culture. It's just amazing how different cultures can be, not only between countries with such differences as Australia and Israel. Even people who come from New Zealand to Australia, which I think most people in America see almost as the same country, feel a great difference. It's in what people eat, what people drink, how people behave in a company, and how they relate to their workmates. There are many differences, and you have to adjust.

Working and living conditions, of course, are different. Prices weren't a consideration though things are certainly more expensive in Israel relative to the salary that I was earning. People live in flats rather than in self-contained dwellings, and I found that to be a huge difficulty when I was in Israel.

Working conditions: the biggest shock I had when I went to Israel was finding I had to work six days a week. I don't know if that exists there anymore, but it may well exist in other countries, in Asia or perhaps in parts of Europe. It's well worth checking on.

Social life. I certainly would encourage everyone to mix with the locals and try to keep away from those who come from the same background. After all, if you've gone there to change your lifestyle, change it completely. I can guarantee that anyone who does make a move, for whatever reason, will get homesick. In my experience it always happens at night. If you're lucky, it passes, but if it doesn't, you might have a problem. It can happen when you think you're settled. All of the sudden you start pining for what you've left behind. I think a real problem is knowing where home is once you've been away for a while. Normally home is where your family is, where your friends are, where you earn your livelihood, where your spouse is happy and perhaps earns his or her living, and where your children are happy.

If these things are all in place, you've found your Utopia, but they rarely are. It normally happens that you're earning a very good livelihood, but your wife hates the place. Your children love it, but you're miserable. Your family is close by, but you've got no friends. It's a mixed bag, and that's why I find that most people who migrated for any reason are always in some sort of an unsettled state.

Late career moves are more problematic, and, as I mentioned, I've done that as well. The logistics are much more difficult. You have to worry about assets, perhaps selling a home, selling your furniture, or bringing it with you. Financial security becomes a consideration because you might have mouths to feed. You've got a future to think of that you don't tend to think of as much in your 20s. Your career becomes more important. You want to try to take a step towards furthering it and not just putting it on hold. You have far fewer options. They certainly weren't lining up to employ me five years ago when I went back to Australia in 1992. So my first experience of moving was very different than later ones. The other thing at that stage of your life is you don't know what you're going to do next. Suppose it doesn't work out. Where to next? You're into your 50s, and the options are even more reduced. I think it is important, as Tom mentioned, to think of these personal factors, whether you're making a move like me or any move at all. In a later part of the session, we'll talk about the professional and the industry aspects of our time overseas.

Ms. Cathy M. O'Bright: I'll just give you a little background about where I've been and some of my experiences working abroad. I started off working as a student in Sydney doing superannuation for a large life insurance company in Australia. I worked there for about four months as a cooperative education student. I went to one of these universities where you work for four months, and you go to school for four months. This gave me a taste of working overseas. After college, I worked for a local Canadian insurance company for a couple of years, and this insurance company was affiliated with a multinational pooling organization or a multinational

insurance network. I found out that this multinational network needed an actuary to work at the head office in Brussels for a couple of years as an expatriate. I took up that position there, and when that two-year period expired, I started working for the same firm, but I was telecommuting from my home in Vancouver, Canada. I've moved around a little bit.

I want to talk a little bit more about the opportunities at that international insurance network because this will hopefully show you how unique my experiences were. Even though I worked in just one place, I was fortunate enough to have the opportunity to work with a number of actuaries throughout the world. The network that I worked with consisted of 30 group insurance companies from around the world. These companies were very strong in their local markets, but some of them had international affiliates and some of them did not. They tried to band together to make themselves more international and to be able to help serve large multinational corporations.

What we did at the Secretariat where I worked is combine the local benefits for multinational companies. For example, let's say you have a big American company with many subsidiaries, say, in Europe and Asia. The American company would like to place local benefits for its employees. It needs life insurance, disability insurance, etc. for all the local employees of each of these subsidiaries. At the same time, it wants to gain the advantages of having a very large group around the world. We helped them place local business with an insurance company from our network and bring them all together in what's called an international pool. My job was to look at the experience from all of these separate contracts, bring them together, and if the premiums exceeded the claims and the expenses, we might be able to give them a dividend or a refund back. Through that job, I had a great deal of exposure to Europe and North America.

These are primarily the areas that this international network was involved with, but we were also starting up in the Pacific Rim. I had a very small amount of exposure to some Asian countries as well. I got to take a two-week tour around five countries in Asia to help explain the benefits of joining the company. It was a great time to start working for this company.

I'll review three of these experiences. By talking with the local group insurance actuaries from around the world, it was really great to be able to learn what their particular problems are or what their particular business lifestyles are like. I was responsible for putting together some of a "technical committee." We met once a year, and there were actuaries from about eight different countries. Each actuary would talk for about half an hour on what the local topics were at the time, and what affected him or her in his or her country. It was really useful to hear their

perspectives on different topics. I also met with many local insurance staff and salespeople, and again just being able to hear how they fit into their countries and their own companies was also very interesting.

I also worked directly with other expatriates from all over. I was able to not only find out how they enjoyed being an expatriate but how the business aspects of their work were back at home.

Brussels, like Hong Kong, has a number of expatriates. It's the capital of the European Union (EU), so there are many expatriates coming in to work for the EU, as well as for North Atlantic Treaty Organization (NATO) and some other multinational organizations. I had the good fortune of meeting many people from all different areas. As Tom mentioned, expatriate assignments often don't work out. I was able to see firsthand, especially from many people that I socialized with, what was making a successful term and what was making a nonsuccessful term.

I'll touch on three topics in order to expand on what it was like to work with the local actuaries: actuarial methods and how those methods can be applied, the terminology, and products that you might see in different countries, and, finally, the differences in culture in the business environment. To start off with, the actuarial methods, or basic mathematical theory is going to be very similar everywhere. In Europe, they spend a great deal of time and research on developing these topics. Much of what we learn stems from European development. This is my opinion, of course. I also think they are so strong in the technical bases due to their education. Their education seems to focus much more on the technical aspects as opposed to the business aspects.

I have put those basic theories into practice, such as standard, traditional practice like life insurance contracts. It is also very similar between North America and Europe. You multiply A_x by the face amount and you have a life insurance policy. It's not much more difficult than that. However, I think where the differences start to come in is in applying that practice to nontraditional areas. In North America, the way that the SOA is trying to approach it is to focus more on a business problem and use the actuarial methods and techniques to find solutions for that problem.

On the other hand, in Europe, I believe they tend to start from the ground level, the technical base, and apply that to the business problem. We're working from two different angles, and as far as applying practice to nontraditional areas goes, we are a step above. I'll cite an example from a friend of mine who worked in Paris, who was consulting for life insurance companies. He was doing asset/liability management for these companies, and he said he was surprised to see that the actuaries that he spoke with in these life insurance companies seemed to grasp and

understand theory, but they had a hard time putting it into practice. He suggested that there were many opportunities for him to help bridge that gap.

I shouldn't lump all of Europe together because Europe consists of a very nonhomogeneous type of people. Here's an example of a Sicilian actuary who approaches actuarial methods differently than someone from England. "The Sicilian actuary professes, whereas actuaries in England make guesses to predict numbers dead and derive rates per head. Over here we give names and addresses." I picked that up from a publication called *The Actuary*, a U.K. publication that comes out once a month. It is similar in scope to the SOA's *The Actuary*, but it's a little bit thicker and has many interesting little anecdotes. It's a good place to look for international opportunities, by the way.

The last thing I wanted to compare are similarities and differences in products and terms. I'll discuss a few basic examples of some of the differences that I saw. These are not very deep but they give you a flavor for what you might expect when you show up at the office and you're don't quite understand or grasp everything being talked about. For example, does anybody know, besides our Australia friend, what an "insurance scheme" is?

From the Floor: Insurance plan.

Ms. O'Bright: Free cover levels?

From the Floor: Nonmedical limits.

From the Floor: Face amount.

Ms. O'Bright: That's it, face amount or lump sum. There are very small differences but, again, these are things you might notice if you do go abroad and start working with other actuaries.

There also are differences in products. I remember sitting around the table with the technical committee members mentioned earlier, and they were scratching their heads saying, "OK, if somebody travels on business, do you mean to say they need life insurance?" And I said "Yes." "And accidental death and dismemberment?" they asked. And I said, "Well, yes." "And business travel accident insurance?" they asked. They couldn't understand why somebody would need so many levels of insurance just to go away on business. I kind of scratched my head, too. I couldn't really give them an answer.

By the same token, they have certain products that we may or may not be familiar with. For example, in France they have something called a *thermal cure*, and I really think they should adopt this here. A *thermal cure*, if you're not familiar with the term, is typically applied in many group insurance products. If somebody has asthma, or maybe even a skin disorder or something, they go away for two weeks to the south of France. They stay in a hotel and go to a spa to drink the waters. The insurance company will pick up a per diem rate on the hotel, and it will pay for most of the treatment as well. This is one product I think we should really adopt.

By the same token, there may be terms or products or product designs that we may have that they don't have. Cost containment is an example. It was quite interesting when I got my first request for proposal (RFP) from an American international consulting firm. They were asking for the types of cost-containment measures the insurance company members of my network employed in their extended health plans. I sent this out, of course, to all the members, and about three or four came back and said, "What do you mean? I don't understand what you mean by "cost containment." I explained it to them, and they said, "We don't have that. That's not an issue with us." I thought that was a little bit strange. Of course, the extended health plans are very different than the American or the Canadian plans. It may not be as important or it just may not be as developed there yet.

The same is true of flexible benefits. We received a number of requests for flexible benefits; again, most of the members would sit there and scratch their head and not really understand what is meant by that because it's not a concept that has been taken up yet in many European countries. Although there is quite a bit of talk about it in the U.K. and Ireland, I haven't been involved in this in a couple of years. They might have the plans put in place, but people in Ireland and the U.K. were asking many questions about this. As far as I know, nothing had really been done.

It was the same thing with disability management. Once in a technical committee meeting a U.K. actuary was proud of the fact that they had one actuary in their company working part time to help with disability management. This actuary would go to people's homes and determine if they needed rehabilitation, etc. The next person, an American, got up and started talking about managed care and managed disability and how they had RNs and physiotherapists and specialized people working in all these areas. There were very different levels of disability management in these two countries.

Finally, I would like to mention long-term care. In the April 1997 issue of the U.K.'s, *The Actuary*, there was an article titled "Long-Term Care: Lessons From The U.S." The title implied that long-term care had been in place in the U.S. for a long time. We know our markets are very different. We know that people might be

expecting different things, but there are things we can learn from the market that have already been developed in the U.S.—things we can take, like the good, and things that we can leave, like the bad. I hope I have given you some ideas of where some opportunities might lie for you, if you're working in these areas and you are interested in traveling.

The other thing I wanted to talk about with respect to similarities and differences, is of course, in cultures. This was already expressed a couple of times, but I think the point can't be reiterated enough. We all know what it's like to change jobs and look at two different business cultures and two different corporate cultures. If you take that concept and change countries, the problem compounds itself. The important thing is to be aware of the cultural differences and to open up your eyes to them and be flexible. Again, I'm not generalizing about every French person or every German person, but there are certain business behaviors that are more accepted in some areas than others. For example, I'm sure Tom noticed that, in some countries in Asia, how you hand the business card a certain way.

Mr. Jaros: You always use two hands.

Ms. O'Bright: And you don't write on it.

Mr. Jaros: When you receive it you also always use two hands.

Ms. O'Bright: In some countries, business and social meetings are very formal. You don't go in there with a joke. You don't waste their time; you just get the job done and get out of there. In other countries, it's much more relaxed, and you might need to socialize with the person before actually doing business. You have to sit at a table for a while sipping red wine and chatting about the weather.

Punctuality is very different in certain countries. In some countries, you have to be at the meeting on time, but there are some countries where it's not a problem if people are 30 minutes late. In some places, not only is punctuality for meetings important but being punctual as far as deadlines is also an issue. In the network that I worked with, deadlines weren't really that fixed at the beginning. When American consultants gave us a deadline of yesterday, I just had to tell them, "No, it's impossible. It's not the way we work here." I could say that because all of our competitors were doing the same thing. It wasn't a problem.

Decision making. You have to know how, in certain cultures, decision making may be done more as a group, and in certain cultures, it might be much more hierarchical. You have to know where you fit in an environment, and you also have to know who to go to or how to get something done.

Finally, I wanted to discuss motivation and attitudes, and I have an interesting example here. My sister's boyfriend is Belgian and works at a Belgian telecommunications company that was recently bought out by an American firm, and it's doing very well. As a way to motivate and reward the staff, this American firm thought, "We'll have a picnic. We'll make it on a Sunday. It'll be an all-day event. We'll have baseball hats. We'll have T-shirts. This will be a really great way to motivate everybody." It didn't go over. First of all, they didn't realize that Belgians value their weekends, and don't want their Sundays to be taken up with work-related stuff. They said, "Why don't they just give us the money? Leave us our Sunday, and that would be reward enough." So it didn't quite work in that situation.

Mr. Jaros: I'm going to be talking about expatriate professional considerations next. There are a number of topics that I'm including in this section. I will talk about making contacts and finding information. I'll also discuss concepts that may differ when you work outside the U.S., where you can add value and relate why you might want to work overseas rather than work here in the U.S.

I'm going to start off with making contacts. I think this is an important topic just because it's the best way to find out what's going on in a place like Hong Kong or China or Taiwan or Indonesia. There are many ways to find out what's going on. There are many people you can talk to. The best place to start off, if you are working for a large organization like me, is to go to a member country or company and talk to the local staff. They have a great deal of information about the country.

When I've worked in Southeast Asia, I've found that it's quite easy to talk to government officials. They're interested in meeting with you because they want to know what types of methods and stuff you might be using in North America that could be applied in their particular country. They might not want to copy everything, but they might want to look at the ideas that you're using and use that to develop rules and regulations and laws. So they like talking to actuaries that are visiting from overseas.

In Hong Kong, the Actuarial Society of Hong Kong is a great place to meet people and to find out what's going on in the insurance industry. Volunteering to serve on a local actuarial society is a great way to meet other professionals and find out what's going on. You might be able to add something from North America. There are always conferences. Vendors, as in reinsurers and consultants, can provide you with so much information about what goes on in various countries.

Much of my job involves taking information and then processing it and making it into something useful. Sometimes it's difficult to find good information. There are

always so many people offering their opinions in these countries. Oftentimes, you have to make a judgement call about the validity of what you hear. There is a saying in Southeast Asia: You really have to hear something from four, independent sources before you can believe it. Consequently, much of my time is spent not only trying to get information but verifying that it's correct.

There are many places to find information. Government publications have information about the general population. They might have more specific information, depending on the government. There are also association publications. The Actuarial Society of Hong Kong does publish some experience studies, for instance, but you have to be careful with things like this. They published a mortality table about three years ago and many people started to use it. Two years later they updated the mortality table and decided that male mortality had been understated by 28%, so you have to be very careful. You're taking more guesses, but I find the margins to offset some of the guesses are typically bigger.

Local employees, including the marketing staff, can help you a great deal with finding information. I work more closely with the marketing staff in Hong Kong than I ever did in the U.S. They have their ear to the market. They know what's going on. They're going to push very hard for things, but they can provide you with a great deal of valuable information.

In Hong Kong, people in the industry talk among themselves quite a bit. It's not unusual to have lunch with an actuary from another company or, if you're a chief executive officer (CEO), to have lunch with another CEO from another company.

Reinsurance companies have been doing business in many of these small countries for a long time. One of the reasons they're so valuable is because companies in small countries are often not very well-capitalized, so they need to go to reinsurance companies to obtain adequate safety margins. The reinsurers have a wealth of information that you can use. Consultants can also help out with finding information. Newspapers and magazines are sources also, but one of the things I've found overseas is that by the time something hits the newspaper or a magazine, it's two or three months late.

There are concepts that may be different when you go overseas. For example, employee interaction is different. I have a good friend who works in Indonesia, and he tells me there are 27 different ways to say no in Indonesia, including saying yes. In some countries there is very much a hierarchy. In other countries the organizations are very flat, and learning how to work within those organizations can be difficult. There are also timing considerations. The speed at which things are done in the U.S. is considered very slow in Hong Kong. At the same time, if you

were to go to Indonesia, they would perceive pace at which things are done in the U.S. as very quick.

There is the level of complexity. All the countries that I've worked with are developing countries. From a technical, pure-numbers standpoint the level of complexity is not very high. From a business sense, or a social sense, the complexity might be greater. You have different things to worry about as an actuary. Antitrust is also an issue. I mentioned earlier that what might be thought of as strange in the U.S., for instance, meeting with lots of people from other companies on a regular basis, is something that goes on all the time in Hong Kong. I don't know if that's good or bad. It's just something that happens. It's a little bit different than what you would find in the U.S.

If you're going to work outside the U.S., where can value be added? One area is in basic principles of risk. Going into another country and just bringing in basic concepts of what's meant by reserving and solvency margins and how to make use of those topics can be a place where real value is added. If you're an actuary working in North America and have been trained as a Fellow of the Society of Actuaries (FSA), your training included law, marketing, accounting, operations, etc. One of the things I think that I've been able to add when I've gone overseas is the ability to coordinate several areas into developing a product and making an insurance company work. It's a valuable skill that you can take overseas.

Long-term strategic planning. There is an old joke in Hong Kong. "Contrary to popular belief, Hong Kong investors are very long term. They often buy and hold stocks for six months or longer." The idea of long term is different in some countries, and many times it is very short. At the same time, companies in Hong Kong are selling 20-year endowment policies. Trying to bring the concept of how to price an endowment product when you have a short time frame becomes a place where you can add value. Development of local staff is also a place to add value. If you go overseas as an expatriate, chances are you're going to be very expensive. It's important to train the local staff to take over your types of activities.

Why might you want to go overseas? It has given me an understanding of different ways of doing things. The way things are done here in the U.S. are not necessarily always the best for other countries. It has given me a chance to become more involved in the bigger picture. I work very closely with every area of my company. I've had a chance to make many good friends and contacts and people I think I'll know for the rest of my life.

Mr. Swerdlin: My professional experience has been in Israel, Australia, and England. When you land in your new country, you'll find products will be different

from what you're used to. I don't believe that in America products have ever had reversionary bonuses, but that certainly is the norm in places like England and Australia. Reversionary bonuses are dividends, as you call them here, but they are paid in the future so that you don't get money today but get it in addition to your sum insured in the future.

The pricing structure of products will depend on a different set of commissions and a different set of expenses, reinsurance arrangements, and, of course, mortality and tax considerations.

Let's discuss work norms. You might think that a group of people is reporting to you, but the difference in culture might mean that they think they're reporting to the person that you report to. Sometimes that can be difficult because it means you do not have as much control over the work flow as you think you have. You have to come to terms with the different ways things are done within a company, and the way that perhaps the distribution network tends to come to various executives in the organization, even though they aren't the direct executive directly responsible for distribution, because it's known that this person can help with particular problems. Every company is probably different, so you can imagine how different it is when you go from country to country. Australia was always a pretty laid-back place. It has changed over the years. Israel was never laid back. Workers in Israel don't take lunch breaks; they eat on the job. I think there were workaholics in Israel well before the rest of the Western world became workaholics.

I'd like to touch on gaining a knowledge of your industry. Tom referred to most of these, so I won't dwell on them. You'll need to know about the economy you're working in, inflation rates, interest rates, the type of major industries that are likely to be your clients. These industries will provide insured lives. If you're selling pension benefits, you must know who your competitors are, and the competitive structure of the market. Is there some hidden cartel that lies behind in the market? These are illegal now, but they still tend to exist. Legislation, particularly regarding taxes, can be very different. You can find out a great deal from industry and the professional organizations, including their publications.

I've compiled a list I call "How To Succeed," perhaps the equivalent of Dale Carnegie's *How To Win Friends And Influence People*. The first thing you must do is listen and learn from people that you're working with. You've come to them. It's the height of arrogance to think that everything that you've done in the past is better or more efficient. It may be, but first you must listen and learn, if you have skills that you can teach to others, or if you have value that you can add, do so and do it generously. It is a two-way street, and I certainly found that rule very useful in all of my moves. The benefits are twofold because if people see that you are

interested in hearing what goes on there, and how things are done, then they'll also be interested in you telling them something about how you can do it a different way.

You should certainly read relevant publications, and even if the papers are three or four months behind, the financial press is still worth reading. I haven't encountered a time lag. Certainly rumors tend to come out a bit later in the press, but you should find industry magazines, product profiles in your organization, previous annual reports, and previous valuation reports. Get hold of everything and read it. Volunteer for anything and everything. It's one way to make your presence felt. People are always looking for volunteers in the actuarial profession and in industry organizations, so they'll welcome you with open arms, and you'll enjoy it as well.

You should certainly adapt to the culture you're in, but you must do it without compromising professional standards. This doesn't mean that you should do things using shortcut methods. For example, the environment in the country you've come from (Australia and America are probably similar in this respect) may be such that if you are providing a report, it must look like a report. If it isn't 20–50 pages long, then you might be perceived as not having done your job. Even though the executive summary might be one or two pages, you must have the booklet there. In Israel, however, you wouldn't want to do that. Normally, people look for a one-word answer. One page would be considered too long. Certainly a 30- or 40-page report is uncalled for. That doesn't mean that you shouldn't have the 30 or 40 pages of calculations and graphs in your drawer or on a four megabyte spreadsheet, but if you're asked a question, the Israelis want a yes or no answer. They don't want 30 pages of why the answers came to be.

Certainly you should mix with people that you work with. We're an amazing industry where friendships are formed within the workplace, within the profession, and within the industry. It's a very good way to enhance your standing and feel a part of the industry that you're in. What is most important is you must enjoy yourself because you've gone there for positive reasons. You want a better life. You want a richer cultural life. If you're not enjoying it, and if you don't enjoy what you're doing, and if you don't feel part of what you've come to, then why have you done it?

I put a list together of differences that I observed between Australia and Israel, but I think it applies more generally to differences that you might find between a developed market and a developing market. I tend to think that these differences will become fewer as globalization takes over. Inflation was very different. I lived in Israel in the times when inflation reached 15% a month, and in Australia I think it got to 15% once during a 12-month period. That makes a huge difference,

particularly when you come to product design; for that reason, Israeli products were invariably index linked because you couldn't sell anything else. Then the whole market and everything available in the financial sector was index linked as well. The size of the market was very different, and America would be ten or twenty times the size of Australia, but Australia is three or four times the size of Israel in population.

The number of insurance companies is about double in Australia. You have a smaller market to work with on a per-company basis in Israel. You have a population that earns less money. There is a greater role for union pensions in the Israeli economy, so there is less of a market to work with.

The legal and tax framework are very different in both countries. The tax framework in Australia is based on the British model where you're taxed on interest with some offsets for expenses, except on disability income which is taxed on profits as if it were general or casualty insurance as you call it in America. In Israel you're taxed on profits as defined by your reserving. The question of how you reserve is a real issue in Israel. It certainly changes the way you price and the way you look at results as well. Israel's legal framework is much looser, which is again typical of a developing country. There's no legal definition of an actuary, but everyone knows who is an actuary and who isn't an actuary. There are now formal qualifications. In Australia, like England, there's a clear legal definition of an actuary. It has to be someone who is a Fellow of the Institute of Actuaries in Australia or accredited to the Institute.

There's also a different legal framework for managing a company. In Israel you can have composite companies, both life and general, although you have to separate assets. In Australia you can't do that. They have a system of statutory funds where each sector of the business is isolated in a particular fund, and any transfer of assets between the funds no longer has to be approved by the actuary, but it must be recommended by the actuary.

Government support in Israel was always strong because of the need for index-linked bonds. That has faded over the last few years because they haven't been needed as much. I think that the Australian authorities are more intervention-minded than the Israeli ones. We certainly see them much more in Australia than I ever saw them in Israel. It might have something to do with the budget.

Relationships with intermediaries are very different in Australia. They tend to keep most actuaries away from the producers and brokers, whereas in Israel, they couldn't wait to drag me off to presentations and meetings. I really enjoyed that. It's a new world, and you can meet people out in the field. I don't know what the

situation is in America, but there was a huge difference in how close they wanted me to work with people who are out there selling the products.

Let's discuss the status of professionals. Depending on the profession, you might think that lawyers are gods. You might find that people elsewhere don't think the same way. The same is true of actuaries. Undoubtedly, the status of actuaries in Australia is slightly higher. I don't know of any actuaries in Israel who sit on the boards of their companies, but they certainly do in Australia, and that is probably another reason there is less use of external consultants, especially actuarial consultants, in Israel. In Australia, like in America, if there is a problem to be solved, and we feel we don't have the skills or the knowledge to do it, then there is no shame in ringing up a consulting actuary and asking him to do a brief. That never happened while I was in Israel. I was an actuary, and therefore, I should be able to do it. I think that will change in time, as they realize that the problems are more complex, but you will find status is different wherever you live, and that's something that you have to accept.

There are similarities, and I'll just mention a few here. Both markets developed from British origins; therefore, the traditional business—whole life and endowment, traditional net premium valuations—is the bread and butter of both industries until recent years. As I said, the globalization effect is causing the types of products to get closer everywhere. There are very similar reinsurance arrangements in both countries as well as the same reinsurer. European reinsurers dominate the Israeli market, and today they dominate the Australian market as well. The quality of industry professionals' similarity is worth commenting on. I felt that in all of my careers in both countries that the quality of people in our industry is extraordinarily high—it doesn't matter whether it's people in marketing, finance, actuarial work, legal work, managing, managing distribution systems, or managing computer systems. It does seem that in Australia, Israel and even Britain, the industry attracts a high caliber of people who seem very dedicated to the task at hand. We do have complicated tasks in this industry. Another feature that I'm sure is common to everyone is the overrun of expenses, and this seems to be a real problem everywhere.

What do you get out of going somewhere else? You certainly gain contacts and friends for life. Perhaps because I've gone back and forth, I feel a bond with everyone that I've worked with over the years, and I think it's reciprocal. You get a tremendous diversity of experience that you'll never get staying in one place. You can enhance your career. I had an opportunity at a very young age to be the actuary of a company, and that opportunity wouldn't have been given to me if I'd stayed in one place. You become more adaptable. The first time is difficult, the

second time is not so hard, and the third time is a breeze. And if you've gone for financial reasons, to make money, then that's likely to be a real benefit.

On the other hand, there are drawbacks. I'm drawing from my own experience in these items. As Tom mentioned, nobody is interested in your experience. There's a total lack of recognition for any achievements that you might have made. You might have headed the institute in the country where you were. You might have been the chief negotiator for the industry in agreements with the government, or written papers, or achieved marvelous things for your employer. It doesn't count for much, and I found that works both ways. In both Australia and Israel they said, "That's great, but what can you do for us?" That can be a bit of a letdown.

You can lose career momentum. Your momentum depends on whether you're intending to stay forever. You may have done wonderfully well, but have decided that you do want to return to your home country. You find you've missed out on developments, or that you've missed out on one notch in your career path. Perhaps all of your contemporaries are ahead of you. I do feel that I've been in a catch-up mode most of my life for this reason. You may find that your career doesn't advance as quickly because you've been hopping around too much. You can certainly lose pension and long service buildup doing it my way. If you don't want to pay that price, I suggest doing it Tom's way, as an expatriate. I've never been anywhere long enough to build up long service benefits.

Losing out financially is a consideration. There is not much profit in selling houses and possessions. We've sold quite a few new refrigerators and living room sets, and the person that bought them got a very good bargain. In addition, much of what I have earned in this time has gone to the airline companies for airfares. Doing your own thing and hopping around is not a recommended way to come out on top financially. On the other hand, I wouldn't like to put anyone off. I would certainly recommend it to you if you are thinking of it and if you've taken into account all the warnings and suggestions that we have given you. I think it helps to know about these things in advance. I certainly suggest you do your own thing and, if you can, it is preferable to do it as an expatriate.

Ms. O'Bright: I'm going to discuss how North American actuaries are perceived elsewhere. What can we do to find jobs, and where can we find them? This is a practical guide. I want to mention that the designations of the SOA are recognized worldwide. There are many Fellows and Associates (FSAs and ASAs) of the Society of Actuaries out there in the world. I went to Mexico and saw the exact same textbooks on somebody's shelves as I had in my home. It's quite incredible. Not only are the FSAs and ASAs out there, but the other actuarial bodies seem to know a

little bit about who they are. All the people that I met really seemed to hold the Society in high regard.

Do you remember that campaign where we had the little buttons that said, "Ask an actuary." We were trying to focus on our ability to analyze risk and find solutions. Knowledge of North American products, cost containment, and flexible benefits will really suit you well depending on where you want to go. Where can we find these opportunities? The first place I'll mention is the International Association of Actuaries. I hope everybody in the room has heard of it because the Society is a member, as is the Canadian Institute of Actuaries (CIA). This organization encompasses 95% of the world's actuaries, with the SOA being one of the larger organizations. If you need to contact another society, such as the one in Hong Kong or the one in Belgium, you could probably get hold of them through this association. I had a friend who wanted a job in Belgium. He contacted the equivalent of the SOA in Belgium, and put his resume in with its monthly mailing, and he got a job. You have to be resourceful.

There are international headhunters. *The Actuary* in the U.K. lists international headhunters. It lists many job opportunities not only in the U.K. but in other parts of the world as well. I found my first job through the *SOA Directory*. It's organized for us perfectly: life insurance actuaries, Canada and the U.S.; life insurance actuaries, international; consultants, Canada and the U.S.; consultants, international. They have a list of people who know what you do, what your background is, and who is working abroad. Find out what the opportunities are. Even if I couldn't place somebody in a job, I could certainly give them a great deal of information about what it was like to be working in a particular country.

The *CIA Bulletin*, and, as I've mentioned before, the U.K. version of *The Actuary* both have classified ads. I did a little analysis of the last year or so worth of *CIA Bulletins*, and there were eight ads for international jobs. These jobs were broken down into areas like Singapore, Malaysia, Hong Kong, Barbados, France. I thought it was really interesting to see that these companies are interested in hiring actuaries from North America. What was more interesting is these jobs were not only in traditional areas, like life insurance companies, reinsurance and consulting firms; they were also in very nontraditional areas. They came to an actuarial society looking for members to work in cosmetics, for example, or risk management. You probably want to know what the cosmetics job was. I think it was for L'oreal in Paris. They have about 1,000 expatriates worldwide, and they wanted somebody to help them put together expatriate plans and monitor them and make sure that they had proper benefits and compensation. There were some fairly interesting jobs out there.

What kind of person were they looking for in these ads? Why did they bother coming to us? What kind of professional skills are you going to need? They were asking mainly for creative problem-solvers and client-driven people. So again, this reemphasizes the business aspect, and the fact that our education has allowed us to work within a business environment and find actuarial solutions for business problems. Something else that was required was fluency in other languages, which I'm sure is a big concern for many of us. It certainly was for me when I went to Belgium. Not all the ads required fluency in another language because the working language in many countries is English. You can certainly get away with it but I wouldn't recommend it. It's always nice to embrace another language wherever you're going. Independence and excellent communication skills were also very important.

I suggest that you be able to stomach almost anything, even raw meat sandwiches. Be independent and very flexible. I can't emphasize enough how important that is. Of all of my friends that were expatriates that I met socially in Belgium, I found that the most successful expatriate terms were for people who were flexible, very outgoing, willing to learn new things, willing to relearn things as well as new languages and to relearn driving. Be adventurous. The most successful people that I know were the ones that went out there and really seized the culture, seized the environment, and really enjoyed themselves.

I want to close off here with a quote from Descartes. We have to finish off with a mathematician/philosopher. Living abroad can really help your personal and professional growth. "It's useful to know something about other nations' habits in order to judge our own in a healthier fashion and not to imagine everything which differs from ours should be dismissed as ridiculous or illogical as is frequently done by those who haven't seen anything." I thought he put it very well.

Mr. Hassan B. Kamil: I spent half my life in the U.S. before I decided to go back to Malaysia. At first I started looking for expatriate packages before I decided to move back because I thought it was a luxury item to have. Actually, those of you who are young and single, should just pack your bags and move to Malaysia or Singapore or Thailand, or Indonesia, or the Philippines because there is a great demand for actuaries. For example, there are 18 life insurance companies in Malaysia, and there are only about ten local actuaries. There are eight additional openings, and now the government of Malaysia has imposed a requirement that all life insurance companies have in-house appointed actuaries. We have many young actuaries. I know a few of them who have come to Malaysia on a semi-expatriate package, and they are really enjoying themselves because life is interesting, it's challenging, and there are many opportunities. Work is hellish because you do everything on your own. You are the pricing actuary, the valuation actuary, the compliance actuary,

and the illustration actuary. You are doing the work of about seven or eight different actuaries in the U.S., but it is exciting.

Many Westerners who are reluctant to move to Asia because they think the standards of living will be terrible, are wrong. You don't need a \$70,000 car and a \$12,000 apartment. A \$5,000 apartment and a simple car will do because life is great. I would ask my American friends, "What did you drive when you used to live in the U.S.?" They say, "A Buick. It was \$12,000." They don't drive fancy cars, and they don't live in fancy apartments. The Americans I've spoken to in Malaysia say life in Malaysia is ten million times better than what they used to enjoy in the U.S. because they drive \$70,000 BMWs and live in penthouses and mansions with swimming pools. You don't need that. You have to be adventurous. There's a world of opportunities open for all of us. I would like to see foreign actuaries come to Asia to introduce professional practices because some of the ways we do things worry me. The professional ethics and code of conduct are not really enforceable in Asian countries.

Mr. Swerdlin: I think we should have had you on the panel.

Mr. Francis G. Morewood: You just spoke of the wonders for young people going to Malaysia. I'm just wondering about the opportunities for those of us who are perhaps more mature and experienced.

Mr. Kamil: Yes, maybe I should be on the panel. It's difficult because if you have a family, you have to look at schools and consider your spouse. It's easier for single people, but if you are flexible, and your spouse and family are flexible in terms of their requirements, I think there's an abundant number of opportunities. There are international schools in Malaysia that are better than most Western schools.

As far as food, there are TGI Friday's, Pizza Hut, and McDonald's. If you can be a little patient with the heat and the traffic, it's no big deal. One new development is Reinsurance Group of America is going to form a joint venture in Malaysia with the Life Insurance Association of Malaysia, and they are looking for an actuary. You might want to call them in St. Louis. This joint venture was signed last month with the Minister of Finance, and the company will be operational very soon. I know they are looking for an actuary. There is a requirement that when they set up the company in Malaysia, they can't pick from the locals. So it's open to everyone. There are many American companies there, such as the American International Group (AIG) and John Hancock. I work for Aetna. There are significant opportunities. Even the Association is looking for a managing director to run the technical aspects and deal with the regulators.

Mr. A. Haeworth Robertson: In 1968, I tried to figure out how to do what you all are doing, but we didn't have seminars or anything. I got started by signing up with the International Executive Service Corps. It's an organization in the U.S. that sends retired business people overseas for one to three months. You don't get paid, but they very generously pay your expenses. I went to Ghana, West Africa in 1969. Once I got there I found out about other international opportunities. I've had 15 or 20 overseas jobs in the last 30 years. You just have to dive in. Just start anywhere, and if you have enough money to live on your own, dive in with the International Executive Service Corps. They normally deal with older retired people, but they have sought mid-career people. I'd like to think that I was a mid-career hire because I was 39 at the time. Most of the people are truly retired. I just wanted a change.

Mr. James F. Toole: What about actuaries who want to study in the United States? What are we doing as a society to make it easier for members of the International Actuarial Association to come work in the states and foster that exchange?

Mr. Jaros: I remember when being an actuary wasn't the best job in America. It wasn't rated as the number one job. There were many foreign actuaries coming here and taking advantage of opportunities in the U.S. I think the current opportunities might be greater overseas.

Ms. O'Bright: This does not necessarily address opportunities but I did notice that the SOA has now removed the extra price that they used to charge to write overseas. This is a good step forward. It recognizes the fact that there are other people in the world that want to take these exams.

Ms. Maria Antonieta Smith*: I'm a member of the Venezuelan Association of Actuaries and am currently living here in the U.S. The Society has come up with a new set of considerations for those that, like me, want to live here. For cases where people have completed all their education in the country they're from and are a recognized actuary from that country, and have completed a certain number of years of experience, they will be required to take only two exams from the Society. Then you will become a member of the Society without having to go through all the exams. However, I think it will be better if that concept is spread among the members of the Society so that people like myself will get more recognition as an actuary. After all, the bases are the same.

*Ms. Smith, not a member of the sponsoring organizations, is an actuarial assistant at Lone Star Life Insurance Company in Dallas, TX.