

# RECORD, Volume 25, No. 3\*

---

San Francisco Annual Meeting  
October 17–20, 1999

## Session 7PD Have FSA—Will Travel

Track: International  
Key Words: Actuarial Profession

Moderator: BRUCE D. MOORE  
Panelists: MICHAEL J. COREY†  
LINDA B. EMORY  
YVES LANEUVILLE  
Recorder: REBECCA KAO

*Summary: Solvency testing, measurement of the potential spread of epidemics, and evaluation of pension reform and health care program alternatives are but a few of the areas actuaries have dealt with from a global perspective. A panel of senior executives discusses worldwide issues and trends in which actuaries may be involved and the implications of these issues and trends on the actuarial profession worldwide. The panel addresses what organizations and individuals need to do to meet the challenges and help actuaries gain a better understanding of the opportunities and obstacles that lie ahead in the global economy.*

Mr. Bruce D. Moore: We have an exceptionally well-qualified group of speakers here to talk about the changes going on in business around the world—what they mean for the actuarial profession and what they mean for FSAs who might be interested in opportunities overseas. The first speaker is Linda Emory, who has just retired from ING FSI North America as the North American chief actuary. She spent over 30 years with ING and Life Insurance Company of Georgia, the company ING acquired. She spent a couple of years with the head office in the Netherlands. Until her recent retirement, Linda had a number of international responsibilities and has been very active in SOA activities and leadership.

In this panel we have a mix of company, recruiter, and consultant perspectives from different continents. Mike Corey is the global head of sector development and the co-head of the Global Insurance Sector for TMP Worldwide, which is the largest recruiting resource in the world. Many of you know it better as Monster.com. Mike has been serving the insurance industry and the actuarial profession for at least 30 years. He is well known as a recruiting leader in the financial services industry. He

---

\*Copyright © 2000, Society of Actuaries

†Mr. Corey, not a member of the sponsoring organizations, is Global Head of Sector Development and Co-Head of the Global Insurance Sector at TMP Worldwide in Chicago, IL.

has done a lot of work for other insurance organizations, the Society, and the Academy.

Finally, Yves Laneuville is the senior vice president of Sun Life of Canada. Yves is based in the Philippines and is a Canadian. He is responsible for the Asian operations of Sun Life of Canada and is the president of the Indonesian company. He is a director of the China-Canada Business Council and director of the Pacific Basin Economic Council. In addition to his very strong Asian credentials, he has spent time in Chile. He can give us the Canadian perspective, which I know is very different from the U.S. one on a number of international issues. Yves has experience with two of the major continents of interest to multinational insurers.

Ms. Linda B. Emory: ING is a Dutch-based financial services organization. It is the fifth largest in Europe and has about \$50 billion worth of market capital, about the same size as AEGON. In 1991, NationaleNederlanden, the largest insurance company in the Netherlands (which bought Life Insurance Company of Georgia in 1979), decided to merge with the third largest banking group in the Netherlands and became ING. As a result of the merger, it has relationships with 50% of the households and 75% of the businesses in the Netherlands. Despite the fact that it has operations in more than 60 countries, 60% or so of all the earnings still come from the Netherlands.

North America also contributes an important part of our earnings, even without extensive banking operations. We now produce about 15% of the total earnings. It is definitely a Dutch company and is rapidly expanding globally. A month ago it announced that two executive board members will be from the U.S. and the U.K. Moreover, the official language has just turned to English. We're still coming off a very strong Dutch base, but with the European Union, the company has to expand its thinking in Europe, as well as the world.

ING has always loved American actuaries. It has built a functional actuarial organization for the U.S., similar to the SOA's standard actuarial approach for the world. We have an ING group actuary in the Netherlands who has final responsibility for all of our actuarial insurance operations. All of the actuaries report functionally to him, either directly (for those in the Netherlands), through a business unit, or through the chief actuary at a regional office. We have three regional offices: North America, Asia/Australia, and Europe/South America. However, that is about to change.

Because of this functional actuarial organization, we see what other parts of the world are doing. We also have groupwide standards for pricing, adequacy evaluation of liabilities, and solvency requirements, which we do based upon dynamic testing of underlying risks and so forth. Again, these would be very familiar to any U.S., U.K., or Australian actuary. We try to evaluate and develop our actuarial resources locally. In other words, each business unit's chief actuary is asked to look at the actuaries on staff, evaluate them annually, and determine if they are candidates for global moves, since we are trying to develop them and give them opportunities to transfer around the world.

There are also continuing education meetings, where the chief actuaries around the world meet every two years, and the regional actuaries meet quarterly with their chief actuaries. We are always trying to use this network to make people aware of the international opportunities in this functional actuarial organization and to educate one another about what is going on actuarially around the world. During the past year, we have been working on ways to better align the insurance and banking risk analyses, as well as evaluate business results from banking and insurance. This is one of the big challenges for the actuarial profession, because we are competing with financial engineers from the banking side to develop these new standards to be applied across banking, insurance, and asset management. Sometimes we are working on risk-adjusted return on capital, and then shift to doing a global asset/liability modeling type of analysis. These are things that we work on from a global perspective. Reinsurance will be worked on locally as well.

ING actuaries have had a lot of opportunities to transfer to the Netherlands or to operations in other countries. Our chief actuary is very international in his perspective and has always encouraged it. Moreover, the actuarial language is global, and the techniques are much the same. It is very easy, based on the education we have had, to move to different parts of the world, even though we may not be fully qualified there. Basically, we can do the work, and we can help develop the actuarial practice in the different countries.

North American, U.K., and Australian actuaries have broader training than those in the Netherlands, Germany, and most of the other countries that I come from. We are building standards based on North American standards, which are very much in line with those in the U.K. and Australia. You need these actuaries to help train the local actuaries. Some local people are very bright. However, they just do not have the same kind of training.

Since about two years after our Dutch parent acquired ING, we have had at least one North American actuary, and sometimes more than one, in the Netherlands. We almost always have someone over there.

There are more opportunities than we have people. When opportunities do come up, they are turned down as often as they are taken. When an individual is presented with the opportunity, family considerations often result in a decision in the other direction.

Some actuaries would move on to management roles. Even the Dutch actuaries move on to management roles, as well as actuaries from other countries. Actuaries from almost every country have opportunities to move on to broader management roles. This might be similar to other international companies these days. From my involvement with an international employee benefit organization, I know that some members of that organization were always telling me how they would like to be able to find actuaries from North America. I think we are in fairly high demand because of our broad backgrounds and the global expansion that these companies are undertaking.

ING has traditionally expanded into new developing countries through "greenfield" life operations. When we expand our insurance operations, we tend to go in as a greenfield startup operation. Examples include Japan, Taiwan, Korea, Hungary, Poland, and Argentina. Actuaries have traditionally participated in the team that evaluates the country. They perform market studies and country evaluations. Then they develop an actuarial initial business plan discussing possible products. They also price some of those products. Actuaries have definitely participated on those teams. ING chooses to use local people. If there are actuaries on site, they have to be trained to the ING standards. You usually have an actuary who, if not on site all the time, is very often there to get people up and going. He or she continues to provide oversight and risk control of the greenfield operations from the regional or the head offices.

About 10 years ago, my husband and I spent two years in the Netherlands. In those days my primary responsibility was to help do acquisitions in the U.S. and Canada, and to participate in the head office team. We had \$1 billion to spend, which was a lot of money 10 years ago, and we spent it all in six months. I was a fairly senior actuary at the time, and they needed someone to mentor the younger actuaries on the regional office team and to help with the greenfield plans that were being developed. With the European Union coming on, you had to be bigger to survive. We were looking at several possibilities and later merged with the bank.

I worked on a lot of interesting projects. We evaluated our operations all around the world and evaluated other international insurance organizations on their valuation of their own businesses. That was a very interesting experience and gave me a chance to work with some of the worldwide consulting firms and their affiliates. I know that the worldwide consulting firms also do a lot of business. Working together, we had opportunities for international expansion. I did some special projects, such as developing the first variable insurance product in the Netherlands. I was also on the team that was looking at troubled insurance operations. That gives you an idea of what I did at the time.

I do not think the jobs have changed much since then, except now we are probably working more across the lines of insurance and banking. We have come a long way since then. Going across the different lines of business needs to be more coordinated, but I think that if you were to go to the Netherlands and ING to do a job, you would probably be working on similar types of projects.

This two-year assignment I did in the Netherlands has made an impression on both my career and my personal life. I had worked for the same company my whole career—25 years in Atlanta working for a fairly sleepy little company, Life of Georgia. Moving to the Netherlands shook me up personally. It gave me a chance to look at things from a broader, different perspective, whether it was trying to figure out how to call a plumber or trying to figure out what we were doing on a day-to-day business basis. It broadens the way you think and refine things. It has been tremendously beneficial for my career in the last years. Also, I learned to be a lot more flexible. I learned how the ING system works and met the people who made that system work: the new chairman of the executive committee and the executive board. It helps to know and understand the leaders of your company and

how they think. It helps to understand the different businesses and the management of most business. Certainly, if you're going to be working for a foreign parent, you need to understand its ways, history, and viewpoint.

A word of advice: If you are thinking about a foreign career, the most important thing to be successful is to have a supportive spouse, if you are married, or someone adventurous if you are not married. Our experience at ING is that most international assignments fail because a spouse is not supportive. The spouse was miserable and probably did not support the move in the first place. I advise you to get a clear understanding of the parameters of the deal in advance and in writing. You are going to have enough ambiguities to deal with even if you have a great contract and think you have a clear understanding. We really need foreign languages more and more. If you are a Spanish-speaking actuary now, you can probably write your own ticket. You are so much in demand. I would advise you to find a mentor to help you through things you do not understand, talk to you when you get frustrated, and help you understand the politics that you may not be quite able to figure out.

You should be willing to alter your lifestyle to live the way your peers in that foreign country live, not like some ugly American. When you return to North America, you have to face a new working environment that you need to manage, and it is up to you to manage it. You need to maintain relationships or build relationships. You always have to understand that you are responsible for managing your career and your progress in that international assignment. Otherwise, if you are one of the few who do not fit into anything that is going on, you can feel pretty left out. Nobody is going to think how you are feeling on a day-to-day basis is very important or worry about developing you as if you were part of a normal system.

Mr. Michael J. Corey: When I saw the name of the session, the first thing that came to mind was a Western show called "Have Gun—Will Travel," and the lead character had one gun. Bruce actually has two. He has both the FSA and the Fellow of the Casualty Actuarial Society. He is much better equipped, I think, to travel around the world. When I first met Bruce, he was just returning from Germany and was one of the first actuaries I had ever met who, at a young age, decided to live overseas, rather than being asked to go overseas. He has been traveling ever since.

There seems to be a lot of interest in the whole area of globalization in terms of companies and in terms of what actuaries can do around the world. Recently, I was asked to write an article for *The Actuary* in the U.K. on the opportunities in the U.S. for Fellows of the Institute of Actuaries, so I am giving the reverse recommendations to all of you. There is a tremendous amount of opportunity globally. It is a matter of being interested in doing it and being prepared to do it, because it is not particularly easy.

For years, I think the profession and the Society in the U.S. were fairly U.S.-centric. Then you started to see more and more people trying it. It seemed more like an adventure than a real job, but you found out soon enough it was a real job with lots of different kinds of pressures. How did we get to this point where there is a lot of

interest? Frankly, it started with industry globalization. This is the basis from which I will draw upon my other premises.

Is there globalization? Of course there is. And why is there globalization? Which are the companies that are globalizing? Once they become international, how do they deal with the staffing and the hiring of leadership? Where do they get the knowledge? Where do they get the experience? I had an interesting meeting a couple years ago at the Pacific Rim conference. We were talking to a lot of the emerging countries about how they had staffed, which was probably the biggest problem they faced because of the difficulties in getting experienced people, both internally and externally.

There are a number of reasons for this globalization. First, markets in the U.S. and some parts of Europe are somewhat saturated. There are deeper financial capabilities today than ever with the international powers. There are tremendous resources. We find that reinsurance companies today are looking at new products, new product lines, and more sophisticated ways to deal with their clients. Also, there is a great deal of new legislation around the world, whether it is in South America, China, Japan, or the Eastern European countries. New legislation in different countries is affecting areas such as health care and pension reform.

Next, there is more competition, which creates more opportunity. The competition is between international consulting organizations, both in actuarial insurance consulting and in the pension areas. Because of that, the changes in the last five years have been quite remarkable in terms of what is happening on the international scene. I have seen the emergence of companies that develop clear international strategies on building a dominant business in the insurance world, not just companies coming into the U.S. to test and see what kind of businesses they can buy. Companies such as AIG, ING, AXA, AEGON, Fortis, and Allianz immediately come to mind as examples of companies with broad international growth strategies. There are others emerging, such as Prudential and Cigna. Manulife is becoming more and more prominent. I have had the opportunity to work with Nippon Life in a number of its movements on the international scene, as well as with Met and Aetna.

Reinsurers such as Munich Re, Swiss Re, ERC, Allianz, and ING are growing stronger and creating more products in different parts of the world. How are these companies coping with the international expansion in the human resources area? To be honest, they are dealing with it very poorly, since they have only two choices: hire locally or import talent. There are negatives on both sides. When they hire locally, there is a limited community that they can draw from, and this is especially true in the emerging markets such as the Pacific Rim, South America, Eastern Europe, and the Third World countries. This is even true in some of the mature European markets. It is very difficult at times to recruit between countries. I just did a project for a company in Germany; its concern was that it could not get anybody from the U.K. to move to Germany. It was easier to get people to move from the U.S. to Germany than it was from the U.K. to Germany. Language is one issue, and taxation always becomes the other issue. Even within Europe, it is tough to move.

In the emerging markets, there is a very limited actuarial talent pool, and every company knows everybody who is any good in the talent pool. As a result, they are all going after the same people. Soon it creates a real supply and demand issue, and the only way they can expand on their capabilities is to look outside of their own countries.

Importing people is not so easy, either. In many parts of the world, when companies want to import actuarial talent, they generally look to the more mature markets. The U.S. would be the No. 1 market they look to, as well as the U.K., including Ireland and Scotland. Canada is a huge market to go into for bringing talent over to different parts of the world. Germany has a mature market, as do Switzerland, Holland, and France. Australia and South Africa have been targets for a lot of companies around the world. I found there is much more ease in moving somebody from the U.K. to Hong Kong than in moving someone from the U.S. to Hong Kong. Japan is also a tough country to recruit into, but there are companies that have done it successfully.

The No. 1 difficulty in importing people is the cost. First of all, you have to identify who is interested. There are different ways to do that. Once you have identified them, you have very tough expatriate plans and problems. There is the mobility issue and the language issue. Many times, when you are looking to bring somebody in from another country, there is the issue of how much time he or she would be willing to devote to being in that particular country. Generally, you talk about two to five years, but not much beyond that.

The cost issue is a fairly significant one. However, there are some significant advantages once you have identified people willing to move abroad and start to deal with the compensation, housing, and living costs. Actuaries gain different product knowledge, for the most part, from going aboard. That is certainly characteristic of moving somebody from the U.S. or from the U.K. over to the Pacific Rim. There is a much different technology capability in the Pacific Rim than in the U.S. and the U.K. Many software capabilities in today's insurance business are not so readily available in other parts of the world. You have different marketing and distribution, more so when comparing the Pacific Rim and the mature markets of the U.S. or the U.K. There are different kinds of operational advances, financial advances, and obviously pricing.

The global companies that I deal with are very interested in recruiting around the world. That is very true for AIG, ING, AEGON, and AXA. Change today is occurring more rapidly than ever in our lifetime. In 1961, when I started my first job, I was a COBOL programmer. I did that for five years, and for the next 35 years I never looked at a computer. Now, for the last two years, I could not live without one. I am now almost an expert on the Palm Pilot. I never thought I could take an entire computer and put it in my pocket to keep track of things. My life would not operate effectively today if it were not for technology.

Technology, including the Internet and e-commerce, is dramatically changing everything—the way we buy, the way we sell, the way we price products, and the

way we exchange information. I think we can be very certain that over the next 5 years there will be more changes in the insurance industry than there have probably been in the last 50. I have gone from being an old traditionalist to a computer geek. My company owns this thing called Monster.com. It is the largest search portal in the world. The Web site has 260,000 jobs, 2 million résumés, 8 million hits a month, and 6,000 new résumés each day. That is changing my business so dramatically that the only thing I can do is retire or try to run faster to stay up with it. So far, I am at least keeping pace, but I do not think I can do it much longer.

The opportunities are out there for all of us. I find that now I am international in scope, and I love it. I assume you either have an international background or are interested in doing international work or in trying to find out how you go about doing that. The one thing that is critical is that you have to be prepared to embrace change. It is about changing everything in your life. Without the ability to embrace change, it just is not going to work.

As an FSA, you are more qualified than any other professional in the insurance business to transfer your skills to other parts of the world and maintain the high level of productivity that you gained here. You have access to positions, probably better ones than ever before, on an international basis. Companies have a strong desire to hire FSAs for positions in all areas, whether they are in actuarial, financial, marketing and some other areas in which U.S. actuaries are becoming more and more adept.

But where do you find these companies, and with whom? Two weeks ago I was in Hong Kong at a partners meeting, and I had dinner with an actuarial client acquaintance who has been with a major company as the chief financial officer. He is American born and is both an FSA and a CPA. He was trained in America and worked in Singapore for a couple years before going to Hong Kong. He told me at dinner that he was going to spend the rest of his life there. He finds it very exciting, and his family loves it. He said he could imagine hiring every FSA who would be interested in coming over, even for a small period of time, to be involved in his very successful company.

Recently, an Australian client hired us to find a U.S.–trained GAAP actuary to go over there. We found a U.S. citizen who was also an FSA. Trained here in the U.S., the person is now operating out of Sydney. Interviewing via videoconferencing worked quite easily, despite the time constraints. We found another U.S. FSA to head up an audit operation for an international company. He moved to Japan for the company and is still there. There are a number of examples of people who have done this. We are working on an international basis far more than ever before, which indicates there is a much bigger interest in and a much bigger acceptance within the actuarial community of these opportunities.

I pulled up my very valuable private database, which contains a list of 312 FSAs working outside the U.S. and Canada. Of those FSAs, 174 are in the Pacific Rim. Seventy-one of those are in Hong Kong, and 17 are with AIG. That is a very interesting statistic when you think of FSAs, not actuaries from other groups and

other societies. Of the 312, 109 are with U.S.-domiciled companies; 60 of them are consultants; and 22 are listed as chair, CEO, or general manager of their respective divisions or companies.

If companies want to grow and they need sophisticated leadership and thinking, they will turn to FSAs within the U.S. The demand globally totally outstrips the supply, as Linda acknowledged earlier. The reason includes changing legislation, the dramatic growth of health care in the rest of the world, the growth in pensions, changing technology, new financial reinsurance products to deal with emerging markets, the saturated markets, and greater global awareness.

In general, expatriate projects last from one to five years and, in some cases, for life. Demand is high and supply is low. I will end by telling you a short story. In the mid-1970s, I got a call from a young man who had just received his FSA. He was a Japanese actuary and spoke Japanese. He claimed he was the only bilingual Japanese-English FSA in the world, and he worked for a company called Equity Funding. He had only been there for about a year and thought he needed a new job. He got a new job, and today he is the president of Prudential Japan. His name is Kiyofumi Sakaguchi. Kiyofumi is probably one of the most famous actuaries in the world. From Equity Funding to the president of Prudential Japan is a big change.

Mr. Yves Laneuville: When I chose the actuarial career some 30 years ago, I chose it for the love of mathematics. I had no idea that it would open the world to me. I had a friend from school with a master's degree in geography, and today he is the chief internal auditor of a large company that operates only in one province of Canada. He is probably doing more number crunching than I am, but he is hardly ever farther away from home than 200 miles. Why has it happened that the actuary has seen more countries than the specialist in geography? I suppose that positive work experiences and many other life events have changed both of us over time.

I recall that my first business trip, when I was working at Sun Life in the 1970s, was to frosty Winnipeg, Canada. My last business trip included more exotic places, such as Indonesia, the Philippines, and Hong Kong. In the first part of my presentation I should explain how it happened that my FSA led to so much travel. Then I will share with you my experience doing business in Asia, where I have spent most of my time lately. Finally, I will conclude with the challenges for an actuary in new emerging markets. I was asked to say a few words about Latin America, but in the interest of time I will simply contrast that continent with Asia when there is an important difference to note.

First, I will talk about my personal experience. My home country is Canada, and that is where the first chapter of my career happened. We are now approaching a new millennium, but many of us who worked in the 1970s looked toward the 1980s as a new era for financial services. We had seen the birth in the 1970s of deferred annuities with cash value, a big push into saving, and the transformation of life insurance into new products. That is what got me on the road at the start of 1980. My company did a complete new rate book. In 1979, I participated in two road shows across Canada. The first one was to take the pulse of our agencies and then

to do the selling job in December of that year. I am sure that many actuaries in North America lived the experience of getting out in the field. At that time, organizations invented the curious title of *marketing actuary*. It was never again a job in the back room for me after that. In 1990, I joined the corporate headquarters of Sun Life, and then my travel destinations expanded internationally to the U.S., the U.K., and Asia. During this period I also participated in the international expansion of our company in Indonesia, Chile, China, and India. Today I'm responsible for the Asian operations of Sun Life and am based most of the time in Manila in the Philippines.

What does an FSA learn from traveling, other than what are the good hotels and the good airlines? I could write a book about that. Asia is the home of great ancient civilizations, for example, India and China. Behavior in modern Asian cultures used to be influenced by principles and traditions deeply rooted in history. For us from the West, learning about these cultures is quite fascinating. Let me share a few highlights of the culture in Asia. Business depends on relationships. In Asia, there are strong family units and networks of trusted acquaintances. Cold calling to present a business opportunity does not work in Asia. One needs a proper introduction to break into the circle, and good relationships must be built over many visits and contacts. Be prepared for many long meals with large quantities of food. The hospitality in Asia is sometimes overwhelming.

My best advice for negotiations is to seek a win-win solution. Asians cannot bear the thought of losing face. Please always keep in mind that your counterpart must save face. This explains why saying no is so difficult for Asians. One must ask difficult questions in a certain way to get an answer other than a yes or a no. Actuaries like precision, but in Asia, one must have tolerance for some ambiguity, again to preserve face for both sides.

After relationship-building and face-saving, I will touch on another aspect of Asian culture. The society and business are very hierarchical. The success of luxury brands in Asia attests to the desire for showing off one's rank in society. The value placed by parents on the education of their children is about giving them a chance to advance in the society. In this hierarchy, they respect the leaders; sometimes it appears to be almost like a cult, particularly with agency heads in Asia. Service and obedience to authority seem impeccable. Asia can be very gratifying for those with large egos. On the other hand, as a foreign visitor, you are rarely admitted into an Asian organization to see people at a higher level than your own in your own organization. Leaders want to see leaders. Doing business in Asia may seem to demand an unfair amount of your CEO's time.

I cannot cover all the intricacies of Asian culture, but let me close the subject with one aspect that, in my view, has contributed to the recent Asian financial crisis. There is a mentality that wants to pursue fast growth to achieve market share dominance. It is admirable that Asians are prepared to invest for the long term. However, during the last decade, overoptimism resulted in many excesses being committed—for example, the massive U.S. dollar borrowings by entrepreneurs or the lending by banks with poor underwriting of the credit risk or the property collateral. The wake-up call has happened. The tigers were humbled, but the signs

of recovery in the region are quite encouraging. The prospects for life insurance continue to look good. Only Japan and South Korea have advanced life insurance industries. Elsewhere, market penetration of life insurance is very low. Asians like to have their independence and financial security for their close families.

In many countries, people have concern about their local banks. The flight to quality has caused foreign brands to become very fashionable. Life insurance in Asia is still very traditional in the sense that variations of whole life and endowments are sold by career agents. Pure savings product, group pension, group life, and mutual funds should arrive and enjoy growth in the region over time.

This is a major contrast with South America, where annuities and pensions are on people's minds before life insurance. One after another, the Latin American countries have adopted private pension schemes after Chile paved the way in 1981. Years of excessive inflation have damaged the perception of life insurance for long-term security.

What do emerging markets need from our profession and us? Based on my experience with expansion in Chile and India through joint ventures, I can share with you some of our partners' common desires:

- 1) some North American business management principles;
- 2) transfer of know-how to local people—for example, in the areas of product design, marketing, and running distribution systems;
- 3) advanced technology; and
- 4) international investment expertise.

The actuarial profession can make a useful contribution to the transfer of skills and knowledge, particularly in pricing, asset/liability matching, underwriting, and all kinds of risk management techniques.

Although I am not a practicing actuary in Asia, I am aware of the challenges faced by my colleagues. First, insurance or other regulations are very archaic, incomplete, and sometimes just in the making as new issues surface in the country. Second, inflation persists in Asia, producing expense pricing problems with inflation in the 5–10% range. Third, there is a lack of relevant local data or experience on which to base our prices. Fourth, there are insufficient long-term assets to help matching life insurance liability. Fifth, there are distribution hazards with agency systems, and this is a big problem. These systems have more layers of management cost than we are accustomed to, along with lower productivity, poor persistency, and poor retention. Furthermore, a good branch and its manager are the targets for piracy, a phenomenon that is rampant in Asia. Finally, given all of this, there may be a lot of work for consultants, but affordability is a problem. Local clients generally cannot pay North American rates.

The actuarial profession is well respected in Asia, particularly with qualifications from North America, the U.K., or Australia. I know that our professional associations and individuals are active and working hard at education and transfer

of knowledge into the emerging market. This is a worthy cause to continue pursuing.

Mr. Moore: I just came back from a meeting of our firm's global financial services partners in Zurich. It was an interesting experience, because we have merged financial services, banking, asset management, capital markets, and insurance, and we merge all disciplines in how we address clients. We have actuaries in insurance, management consulting, audit, tax, and a number of specialty advisory services, and it's very interesting to look at the changes affecting the world of the connected economy. The whole "dot com" concept is having an impact on our business and every other business. The emergence of financial conglomerates is going to affect how these companies are regulated. There was a lot of discussion on shifts in different countries, on having one financial regulator for insurance and banking or keeping them split, and on the emergence of bancassurance, particularly with respect to some of the risk issues that Linda talked about.

As we look at all these trends and as we look at a financial services authority such as that in the U.K., which has insurance and banking, banking is probably dominant in terms of volume and people. What does that imply for the role of the actuary? Will this give actuaries a new role in businesses they're not involved in now, or will it instead result in the actuary's role diminishing as professionals from other businesses that do similar work take over?

Mr. Corey: I would say it should provide a lot more opportunities to actuaries, but I think there is a certain amount of challenge going on today across the world in financial services. I just heard a company say that it had a particular issue in the financial services business dealing with areas that are new to it, such as derivatives. Instead of the actuarial side, the company was going to the capital market side to bring in people to deal with the problems. I think this is an interesting challenge to the actuarial profession; there has been lots of talk over the last five years on how to expand actuaries' capabilities and how to create new opportunities. I do not think there is anybody better prepared to do that than the actuarially trained individual. But, I think the opportunities in financial services, as banking dominates in other parts of the world, will continue to grow. It is a matter of taking advantage of these opportunities. You need to continually broaden your abilities, perspective, and skills so that the actuarial background is a piece of the arsenal, not the only piece in the arsenal.

Ms. Emory: I very much agree with that. In our company, it depends a lot on the leaders on the actuarial side and how willing they are and how politically strong they are in that organization to help the actuaries learn to be flexible and learn to deal with the bankers. If I were starting out or in the middle of my career, I would be trying to figure out how the bankers think so I could speak to them in terms they could understand and get them to respect what I was doing. From a regulatory point of view, we have to be politically adept and flexible. We need to understand all of the other techniques used. We cannot stand by and say, "I am this great actuary, and they are not going to do it without me," because they will do it without you unless you are willing to make the changes, learn, and broaden

yourself. It is going to depend on the leaders we have to help make that happen. If you want to be a leader, you need to get broader.

Mr. Laneuville: Let me give you a perspective from Canada. There are five or six major banks in Canada, and they have been wanting for a long time to get into insurance. They are allowed into it, but under a subsidiary area structure. They want badly to be into insurance, and they formed their own companies or acquired companies. In the process, they look more at the opportunity of income, more at distribution fees as opposed to the underwriting fees; they are quite happy sometimes to network with other entities as well. There will be manufacturers of insurance, but big bank distributors. The banks and their desire to go into insurance have created jobs for actuaries. They have not put the life insurance industry out of business yet.

Mr. Moore: I will ask one more question. I am your client or your boss. I have identified a major, important position where we need to send an FSA to an international location for a couple of years to shore up and get the top management of our new operation in place. I am thinking about internal and external, trying to figure out the key things I need. The last thing I need is somebody who is coming back in a year and is unhappy. What am I looking for?

Mr. Corey: If I were a hiring manager looking for somebody internally, I would certainly make sure that the return was not a risk. The position should be sold as a fast-track opportunity to broaden the person's experience, because if the company is moving that person over to an international role, that person should be looking at it as a way to prepare himself or herself for an even broader role down the road. There has to be a job to return to, and it has to be better than the one the person is leaving and maybe the one he or she is going to. Second, there is no question that it is expensive to move overseas because of issues related to tax, cost of living, etc. You need to make the person at least equal or better off financially, and there are different ways to do that. There may be some kind of a success fee on return or other rewards in addition to justify the risk and time invested in going over into a position where there are a lot of life changes.

Ms. Emory: From my perspective within an international company, I would rather choose someone internal to ING. If you are sending someone to a foreign country, you want someone who understands ING and what is important to ING. You want a proven person. It is a very expensive operation. You are relying on this person to do a lot, and you are not going to be around to watch that person like a hawk. You really want someone you know you can trust to do things the ING or AEGON way. That would be my preference, rather than hiring someone from the outside.

However, we did hire an actuary from the outside to work in the Netherlands and to help with the transport-type situation. I was the North American actuary. This was the North American actuary we hired from a consulting firm that was already over there. We had an obligation to be sure that person had a job upon returning to North America. We made sure we got the right kind of person. We did a lot of in-depth background checking, trying to be sure we understood the person we got.

Being in the Netherlands was not like sending someone to Timbuktu, because supervision was available.

Mr. Laneuville: I have done this a number of times. We have three actuaries in Asia. Two were from within the company. They were in their mid-30s and had very valuable work experience. They had a trusted work pattern behind them. They were at the stage of their career where they were ready for a challenge. The third one we rehired. He had worked for us as an actuarial student and was a known entity. We had heard of his interest in taking an international assignment.

The point I want to make is the point that Linda made. Recently, we had two non-actuarial positions. We have a joint venture in India, and we have two very senior people in a region considered hardship posting. We have done a lot of psychological testing with the help of very professional agencies, and we take them through with their families to determine their psychological ability to live with this assignment. After two or three months of the posting, both families are very well.

You have to look beyond the professional credentials. There is something about living abroad. You are far away from home, your friends, your network, the culture of your country, and so on. It is lonely sometimes, and you have a big job, a big challenge, and not always the resources that you have at your disposal in the head office environment. You take it very seriously. There are quite a number of people willing, and one of the actuaries we had in Asia is insisting that he work for the rest of his life in Asia.

Mr. Jay C. Miniati: Prior to joining Milliman & Robertson, I did an overseas stint in New Zealand and contemplated a position in Australia. The trade-off that I started to consider quite a bit when I was looking at other positions internationally was financial. When you start to take the tax issues into consideration, and also the fact that some of these countries want to pay you in their dollars, not U.S. dollars, there is a greater-than-average financial consideration. Are the salaries or compensation packages becoming more on par so that there is seamless transition from, say, North America to the other parts of the world, or is it still considered a trade-off between the experiences that you gain and a potentially lower compensation package?

Mr. Corey: My experience currently is that there is definitely a better compensation capability than experience trade-off, because you are attempting to attract good people to come over and take those assignments, and you cannot ask them to make a sacrifice financially. What we see now is a significantly more attractive compensation package that probably did not exist before. I do not think companies are unrealistic enough to think that they can tear up people's lives and move them over without compensating them appropriately.

Mr. Laneuville: Based on what we do in a large company that operates internationally, I can echo that. You cannot ask people to make certain sacrifices, and there has to be some incentive. Perhaps you might be referring to local employers. I am sure that if you joined a company in the Philippines or joined Sun Life, the package might be different from that offered by a large company moving

talent abroad. The person makes an investment in his or her career, and we make an investment in the person. There are hardship allowances. Take the case of India; you really have to be generous there. Housing is a big thing in those parts of the world. The cost of living is high, and sometimes you cannot own a home. You may have to live in special quarters to protect the quality of life for your spouse and children. Automobiles are very expensive. You look at a package that sometimes can be almost as expensive for a corporation as a basic salary, but you have to give the candidate a little boost in income.

With respect to taxation, there are countries where taxation is higher than in the homeland, for example, India. You have to enable these people to equalize their taxes and reimburse them for excess taxes that they may incur because of the posting. We are not overly generous, as we have cut back on these packages over the years. However, you really have to be fair, and there are professional advisors whom we consult. There is a benchmark for this in the world, and to attract the talent, you have to be competitive.

Mr. Robert C. Dowsett: No one has mentioned the temporary assignment of from one to six months in connection with World Bank, the Asia Development Bank (ADB), and the U.S. Agency for International Development. When I first read this title, "Have FSA—Will Travel," I thought that would be discussed by the panelists. I have learned something about this type of endeavor with firms such as the International Management and Communications Corporation (IMCC), which are arranging work on technical assistance projects in the Far East or other places around the world where the governments are trying to move into the private sector market economy type of arrangement for financial services.

I know of a corporation currently seeking candidates for actuaries/financial advisors to work in Southeast Asia and Central Asia. Candidates must have skills and experience in actuarial consulting work for pension and provident funds, as well as knowledge of capital markets. Tasks to be undertaken include conducting an actuarial cash-flow analysis to assess the financial sustainability of the current and proposed pension and provident fund systems under different assumptions regarding all kinds of things in the usual actuarial assignment. These assignments can be from six weeks to six months.

I also know of two FSAs currently on assignments in Russia, and that is another form of "Have FSA—Will Travel" working on an interesting project. I am a retiree, but I still have my own little consulting firm. I have not been on one of these assignments myself. The income is pretty good, depending on your background. Did any of the speakers run across that kind of project or have any comments about that kind of "Have FSA—Will Travel" opportunity?

Mr. Laneuville: I am quite familiar with the ADB, which is headquartered in Manila. It puts a lot of its technical assistance up for bid, and most consultants respond to it. Maybe consultants also hire people for these projects. It seems as if I have given you a corporate perspective, but someday in retirement, this is something I personally would love to do too, just like you. At the end of the day you feel you have to give something back to society, and you need to keep busy. It

seems ideal for the retired; probably it can be ideal for young people as well, in seeing the world and gaining experience for their résumés. They would probably be surrounded by very experienced people on these assignments, and sometimes you need people to go behind the scenes and do the arithmetic on the computer and to help the wise people make their decisions. Perhaps at both ends of the career it is ideal. There are a lot of these jobs around, and these markets are emerging. Many that the ADB is supporting are in the areas of regulations for financial services. I know they have been very involved in Indonesia and China. Canada has an international system that does a lot of this kind of work as well.