

# ACTUARIES

# FORWARD



# WITHOUT VFRS

MAKING A  
DIFFERENCE



## **ACTUARIES JUST LIKE YOU ARE TRAVELING TO DISTANT LANDS TO PROVIDE ACTUARIAL SEMINARS—HELPING MANKIND WHILE PROMOTING THE PROFESSION. READ THIS ARTICLE TO FIND OUT HOW YOU CAN HELP THIS WORTHY CAUSE. BY ALAN COOKE**

**O**n a gray day this past November, two men and a woman silently made their final preparations to leave for several airports in the United States and the United Kingdom en route to a rendezvous in one of the former republics of the Soviet Union. After months of planning and preparation they were ready for their assignment. After a last-minute check of passports and visas, they took a deep breath and then were on their way. Many hours later they were facing Azerbaijani immigration officials who sympathetically listened to them recite the purpose of their visit. After clearing immigration and picking up their baggage they were whisked away by their local contacts to their Baku hotel for a final briefing before they carried out their assignment. After three days of intensive activity they left Azerbaijan for their next assignment.

As you probably have guessed, the three travelers in the preceding story were actuaries on a recent project for Actuaries Without Borders (AWB). Variations of the preceding story have been played out on AWB projects in many different countries in far-flung corners of the world. Unlike Medecins Sans Frontieres/Doctors Without Borders, our own Without Borders organization is not involved in life-and-death situations. However, the projects AWB manages are exciting and challenging and enable actuaries to give back to their profession in those countries with the greatest need of our help.

### **WHAT DOES AWB DO?**

AWB's mandate is to provide volunteers

for projects in countries where the actuarial profession is at an early level of development. The types of projects we get involved in cover all areas of actuarial practice. Thus we are looking for actuaries with experience in life insurance, pensions, property and casualty insurance, risk management, health and so on. Typically, the first actuarial practice to develop in these emerging markets is property and casualty insurance, but very quickly the other practices develop. We are currently focusing our efforts on providing speakers for seminars and courses and mentors for regulators and younger actuaries. We used to be involved with microinsurance and other consulting areas, but we have withdrawn from all consulting activities as we believe the resulting financial and reputational risks in providing actuarial advice are too great for us. In addition, AWB providing advice for free unfairly competes with consulting actuaries who depend on their livelihood for such consulting activities. The typical process for an AWB project is that a third party such as the local actuarial association, the local regulator or a non-governmental agency such as USAID will approach us with a potential project and then we will work with them to develop the project details and to find funding for the project from other sources. We then solicit our membership for volunteers and manage the project jointly with the local sponsor who looks after all local arrangements.

### **HOW IS AWB STRUCTURED?**

AWB is a section of the International Actuarial Association (IAA), which is

the worldwide association of actuarial associations. Currently the IAA has 64 full members (including the SOA, CAS, CIA and AAA) and 26 associate members. The AWB section was established in 2003 and, identical to an SOA section, relies on section membership fees rather than parent funding to run its operations. Similar to an SOA section council, AWB is governed by a committee which is elected by its membership and whose officers in turn are elected by the committee members. The current AWB Committee consists of 14 members from nine different countries.

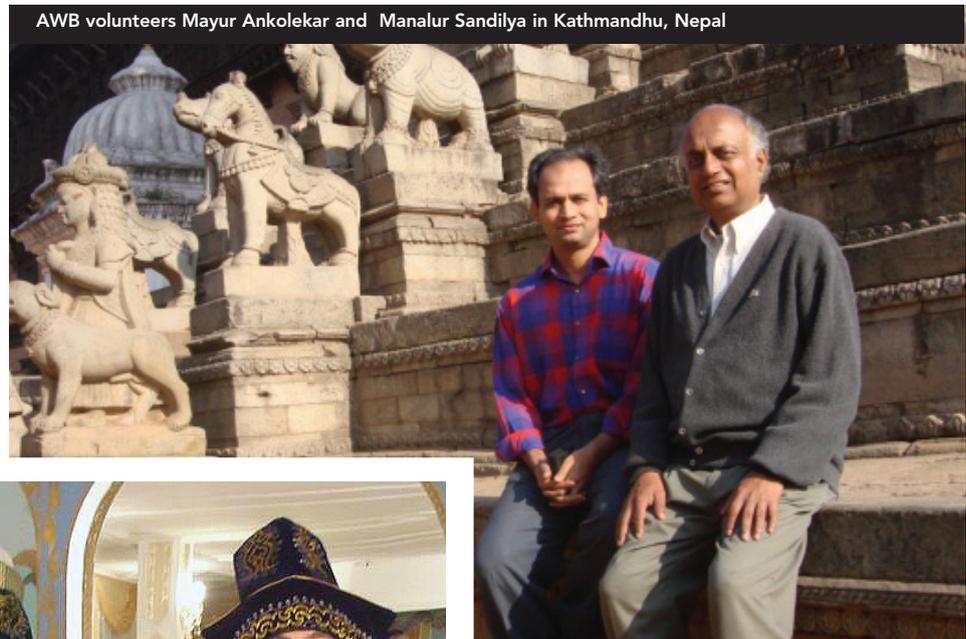
### **CURRENT SOA INVOLVEMENT WITH AWB**

The SOA has been involved with AWB in a number of ways. Several of the current members of AWB's governing committee are SOA members, including the current chair and vice-chair. In addition, many of our volunteers are SOA members, and the SOA, as well as the International Section of the SOA, has assisted recently in the funding and communication of some of our projects, including the Azerbaijan project mentioned in the introduction to this article. Going forward we hope to work with other SOA sections as projects arise in their respective areas of interest.

### **VOLUNTEERING FOR AWB PROJECTS**

Mongolia, Kazakhstan, Togo, Ukraine, Azerbaijan, Albania, Vietnam, Romania, Macedonia, Ghana, Nepal, Sri Lanka, Bangladesh, Tanzania, Kenya: these are just some of the countries where AWB has been approached recently to provide

volunteers for actuarial projects. What does it take to be an AWB volunteer? In addition to having the relevant actuarial expertise, AWB volunteers should be open-minded, flexible, practical, good communicators, creative and possess a good sense of humor and a spirit of adventure. The rewards of volunteering include the satisfaction of benefiting others, the intellectual stimulation from working in a different environment, the expansion of personal networks and increased knowledge of a



AWB volunteers Mayur Ankolekar and Manalur Sandilya in Kathmandu, Nepal



Kazakhstan instructors don traditional garb for their presentations

developing marketplace. In addition, many of our volunteers set aside time for sightseeing in the country they are visiting. AWB volunteers are reimbursed for their travel, food and lodging costs for a project. You must be an AWB Section member to be eligible to volunteer for an AWB project.

### ADVANTAGES OF JOINING AWB

For most actuaries, the main advantage of joining AWB may be the opportunity to be a volunteer for an assignment in an interesting country. (The next section of this article provides actual examples of

some of the projects we have been involved with in various countries.) Through these assignments, AWB volunteers have the satisfaction of advancing the actuarial profession in countries which otherwise would not be able to afford such expertise. This was my personal reason for joining AWB when it was initially created. I had spent much time in developing countries on business in the 1980s, and I wanted to return to them to do volunteer projects.

AWB Section members also automatically receive the IAA newsletter, which keeps

them apprised of actuarial meetings and developments around the world. The AWB website provides news of particular interest on actuarial issues in developing countries.

There is also the rewarding experience of being part of a global fraternity of actuaries who care about developing country issues. Joining AWB provides opportunities to network with this enlightened group of actuaries. AWB members are eligible to attend the annual business meetings of AWB and meet their cohorts from other countries. These meetings are held in conjunction with the IAA committee and council meetings and are typically held each year in different parts of the world. Instead of volunteering, an AWB Section member can enhance his or her organizational skills by managing unique actuarial projects from the time a need is brought to the attention of the AWB Committee through to its completion.

This project management role may include:

- Defining the project.

- Recruiting the volunteers.
- Securing funding for the project.
- Monitoring the project to its conclusion.
- Conducting post-project evaluations.

I have personally had the opportunity to manage several AWB projects and the satisfaction from running a project from start to finish can be as rewarding as being the volunteer on the project.

AWB Section members also have the opportunity to nominate themselves as candidates for election to the AWB Committee that runs AWB. Elected

## ... the Ministry of Finance of Azerbaijan recognized that actuaries in that country did not have the necessary training to support a private pension system. ...

members of the AWB Committee serve a three-year term and may run for election to a second term. The AWB Committee is quite open to input from all AWB members so you can have thoughtful input to our decisions.

The annual AWB membership fee of \$50 may be remitted along with the rest of your SOA dues payment or paid directly to AWB.

### EXAMPLES OF RECENT AND UPCOMING AWB PROJECTS

To give a better flavor for our activities, I will describe in more detail our recent Azerbaijan project and then briefly describe a few of our other recent projects.

#### AZERBAIJAN

AWB had conducted a previous course

on property-casualty ratemaking and loss reserving in Baku, Azerbaijan in 2009 along with two Kazakh actuaries. In April 2012, Doug Carey of the SOA's International Section Council advised us that the government of Azerbaijan was beginning a process to consider reforms to its pay-as-you-go social security system and, at the same time, introduce legislation to enable a private pensions market. He also indicated that the Ministry of Finance of Azerbaijan recognized that actuaries in that country did not have the necessary training to support a private pension system and were looking for help to provide an introductory pensions course.

I was assigned the job of AWB project manager for this potential project. Over the next several months AWB worked with the Actuarial Association of Azerbaijan to set up a three-day pensions course in Baku and we explored possible sources of funding. The Actuarial Association of Azerbaijan was able to secure funding from the Ministry of Finance of Azerbaijan for all the local costs of the seminar, and AWB split the international travel costs of the three volunteers with the SOA and the SOA International Section.

The pension seminar was held on Nov. 13–15, 2012, and was attended by about 40 actuaries currently employed by life insurance companies and Azeri government agencies of finance and labor protection. The seminar was organized into three days, each consisting

of four- to 90-minute modules. Most modules comprised half lecture and half working group exercise. Each working group exercise dealt with a practical issue or problem and gave the attendees opportunities to discuss amongst themselves and practice what they learned before reporting out to the entire group. With introductions, summaries, breaks and lunch, each day was eight hours long.

The days were organized as follows:

**Day 1:** Professionalism in the Actuarial Profession

**Day 2:** Design and Financing of Social Security Systems and Private Retirement Plans

**Day 3:** Actuarial Assumptions, Cost Methods and Projections

The course was conducted in English, but there was a team of translators available who translated into Azeri or Russian as needed. We received very positive reports on the course from both our volunteers (two of whom were SOA members) and from our Azeri hosts.

#### NEPAL

In April of this year, AWB provided one of three lecturers for a two-day actuarial seminar on non-life topics organized by the Nepalese regulatory authority. A second AWB member also presented at the seminar. In addition to lecturing on pricing issues, our volunteer met with the local regulators to discuss insurance regulation in other countries.

#### ROMANIA

In September of this year, two AWB

volunteers, who were also SOA members, presented a seminar on enterprise risk management and Solvency II for the Romanian Actuarial Association.

#### ALBANIA

In March 2012, USAID funded a program in Albania to strengthen and enlarge Albania's financial sector. As part of that program, an AWB volunteer mentored two actuaries working for the Financial Supervisory Authority of Albania. The focus of the visit was on helping the regulatory actuaries with problems arising from their current responsibilities and identifying important property and casualty topics not covered in their previous training.

#### KENYA

In Kenya, in 2009, AWB provided two lecturers for an education initiative requested by the Kenyan actuarial association. The volunteers conducted a two-week course on enterprise risk management and economic capital concepts at the University of Nairobi. This was followed by a seminar for executives in the financial services industry and meetings with Kenyan regulators. In 2012 we discussed a second Kenyan initiative with the local actuarial association that would have placed senior actuaries inside a number of Kenyan insurance companies in an effort to heighten management's awareness of what actuaries could contribute to the running of the organization and to mentor junior actuarial staff. This project is one we hope to revisit in 2013.

#### KAZAKHSTAN

Also in 2009, AWB provided two lecturers for an actuarial school organized by the Kazakhstan actuarial association. The

## How To Become More Involved

To learn more about how AWB is organized as well as its activities, visit [www.actuaries.org](http://www.actuaries.org) and then click on the AWB tab located on the left side of the Web page. You are also encouraged to contact Alan Cooke or any other AWB Section Committee members if you have questions. Their contact details may be found at the above-mentioned website.

Use this QR code for direct access to the website.



course covered pension fund investment issues and forecasting of payments for defined contribution plans as well as liability adequacy testing for life and non-life insurance. This was a very international event as we had more than 60 attendees from nine countries in the region.

#### SRI LANKA, BANGLADESH AND VIETNAM

We are organizing workshops in these countries where AWB volunteers will help local students better prepare themselves for writing actuarial exams.

#### TOGO

We are planning a three-day basic social security course in French in Lomé, Togo to be held from April 22 to 25, 2013.

#### FUTURE DIRECTIONS FOR AWB

One of the strategic objectives of the IAA is to:

"Support the development, organization and promotion of the actuarial profession in areas of the world in which it is not present or is not fully developed."

During 2012, the IAA set up a task force to define the major activities needed to implement the above strategic objective and to consider the role of the AWB Section

and other parts of the IAA to achieve this goal. The task force reaffirmed AWB's important role in providing volunteers for the related activities and proposed a closer working relationship with the IAA's Advice & Assistance (A&A) Committee to achieve this objective. AWB is excited by this new cooperative role with A&A as we believe it will lead to even more interesting projects for our members in future years.

#### FINAL WORDS

It is an exciting time to be involved in the actuarial profession in the countries that AWB serves so we hope you will become actively involved with us. **A**

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