INTERNATIONAL ACTUARIAL EXPERIENCES

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INTERNATIONAL ACTUARIAL EXPERIENCES

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AGENDA

- Unique considerations for foreign assignments
- Differences/similarities in actuarial work between Canada and other developed nations (e.g. European countries)
- Challenges of working in developing countries
- Microinsurance’s importance in developing countries and its challenges and opportunities for actuaries
- Opportunities through Actuaries Without Borders
UNIQUE CONSIDERATIONS FOR FOREIGN ASSIGNMENTS
DIFFERENT TYPES OF FOREIGN ASSIGNMENTS

- Intercompany transfer or to different company?
- Self-initiated or employer-mandated
- Short visit or relocation?
- Developed or developing country?
- Technical or managerial position?
CONSIDERATIONS FOR ANY FOREIGN ASSIGNMENT

- Adventurous personality
- Culturally sensitive
- How it fits your long term goals
- Clear agreement on terms and conditions
ADDITIONAL CONSIDERATIONS FOR LONGER TERM RELOCATIONS

- Implications for any family members
- Financial and tax planning
- Long term impact on career
- Talking to your existing boss
- Knowledge of new country
- Compensation package
MORE CONSIDERATIONS FOR FOREIGN ASSIGNMENTS

- Professional qualifications
  - Will you need to meet new requirements?
- Work visas and residency permits
- Moving issues
- Medical care, pensions and other benefits
- Language Issues
  - Working language versus local languages
  - Non-Canadian English and French
MORE CONSIDERATIONS FOR FOREIGN ASSIGNMENTS

- “Non-family” partners
- Settling in
  - Is there an “expat” community?
  - Get your personal life settled first, then you can focus on work
- Coming back to Canada
  - Many of the same logistics as with the initial move
  - Reverse culture shock
DIFFERENCES AND SIMILARITIES BETWEEN CANADA AND DEVELOPED MARKETS
More similarities than differences in developed markets

Similar high professional standards but details are different

Global convergence of accounting standards for insurers and pension plans (IFRS) bring some standardization

Global emphasis on ERM and Solvency
Cultural differences are less daunting than developing countries but they exist.

Country-specific regulations (possibly multiple) still must be learned.

Actuarial training/background of colleagues is often different.

Different insurance or consulting market: players/products/issues, etc.
WORKING IN DEVELOPING COUNTRIES
CONSIDER ALL OF THE ISSUES FOR ANY INTERNATIONAL MOVE, PLUS:

- Greater culture shock
- Multiple languages
- Security and personal safety
- Access to medical care / preventative measures
- Lack of infrastructure
  - Roads, water, electricity, telecommunications
  - Cash-based transactions
- Political or economic instability
- Corruption
MORE THINGS TO THINK ABOUT:

- Paid work or volunteer work?
- Longer term (> 6 months) or short term (2-3 weeks)?
  - Sponsoring organisation may take more or less responsibility for you
  - Different visas
  - Accommodation needs
  - Language
- Take an orientation session before going overseas, if you have access to one
  - Connect with other expats in the area to get information
How is the work different?

- Usually a less developed insurance industry
- Different markets, different products
  - Non-life insurance more prevalent in less developed economies
- Lack of actuaries and technical expertise
  - Pricing methods are approximate
  - Often no formal actuarial standards of practice
- Regulation less well developed
  - Regulators have less expertise and limited resources
  - Lack of standards for related professions such as accounting and auditing services
  - Adoption of international standards can be erratic
HOW IS THE WORK DIFFERENT?

- Limited information systems technology
  - Data is less available
  - Processing can be manual
  - Sophisticated software not available

- Different work culture
  - Often more formal and traditional
  - Can be slower-paced (but not always!)
  - Age or gender bias more common
Living and Working in Developing Countries

- Minimum Requirements:
  - Patience
  - Flexibility
  - Creativity and innovation
  - Listening
  - Risk-taking

- Work with what you have (not what you’d like to have!)

- Focus on basics and sound design rather than complicated models

- Goal is to transfer knowledge and skills – to enable others to do their job better rather than to do it for them
MICROINSURANCE OPPORTUNITIES AND CHALLENGES
WHAT IS MICROINSURANCE?

- **Microinsurance:**
  - is insurance that is designed for low income or under-served populations
  - addresses the particular risks and insurance needs specific to the under-served population
  - may be provided by different types of regulated entities

- **Microinsurance products are characterised by:**
  - low affordable premiums
  - low or limited insured benefits
  - simplicity of coverage terms, policies and enrolment forms
  - ease of claims submission and settlement

- **A better term might be “inclusive insurance”**
HOW ACTUARIES ARE INVOLVED

- Policy and Guidance
  - IAA Microinsurance Working Group
- Research and Actuarial Tools
  - UK Actuarial Profession Microinsurance Working Party
- Technical Assistance/Consulting
  - Country diagnostics
  - Project reviews
  - Product development and pricing
  - Training
  - Regulation and supervision
- Volunteer Assignments
  - ILO Microinsurance Fellowships
  - IAA subcommittees
MONGOLIA (2010) – MICROINSURANCE FELLOWSHIP, TENERG ER INSURANCE
South Africa (2011)
   - Project review of a microinsurance program on behalf of donor organisation

Papau New Guinea and Fiji (2011/2012)
   - Training workshops/Fellowship mentor

Ghana (2012)
   - Training Workshop: Pricing and Reserving

Ethiopia (2012 ongoing)
   - Development of a regulatory and supervisory framework for inclusive insurance markets
OPPORTUNITIES THROUGH ACTUARIES WITHOUT BORDERS
MISSION AND FOCUS OF AWB

- Provides Volunteers for projects in developing countries
- All areas of actuarial practice: property and casualty, life, pensions, risk management, health, etc.
- Provides speakers for actuarial seminars and courses as well as mentors for younger actuaries and regulators
- Works closely with NGO’s, government bodies and local actuarial associations to identify projects
IAA, founded 1895, is the worldwide association of actuarial associations
- Currently 64 members (including CIA) and 26 associate members
- IAA has sections similar to the SOA
- AWB section was established in 2003
IAA Membership and AWB Focus
Canadians have high representation as AWB members and 5 are on the 14 member AWB governing committee.

AWB Chair and Vice-Chair are both CIA members.

Other AWB Committee members are in India, US, Switzerland, Lebanon, Togo, Netherlands, Dubai and Benin.
In addition to relevant expertise, Volunteers must be open-minded, flexible, practical, creative and possess a good sense of humour and a spirit of adventure.

Rewards include the satisfaction of benefiting others, intellectual stimulation from working in a different environment, expansion of personal networks and increased knowledge of a developing marketplace.

AWB Volunteers are reimbursed for their expenses.

Only AWB Section members are eligible to volunteer.
AWB has had discussions with many countries on potential and actual projects (see following list)

Mongolia, Kazakhstan, Ukraine, Cameroon, Azerbaijan, Albania, Romania, Macedonia, Ghana, Tunisia, Nepal, Sri Lanka, Turkey, Tanzania, Kenya, Georgia, Armenia, Viet Nam, Colombia

Following slides discuss some recent and current projects
EXAMPLES OF ACTUARIES WITHOUT BORDERS PROJECTS
KAZAKHSTAN (2009)
NEPAL (2012)
ROMANIA (2012)