

INTERNATIONAL ACTUARIAL FORUM IN CHINA

A very successful International Actuarial Forum was held in Xiamen, China on 25-26 April 2002, sponsored by the International Actuarial Association (IAA) and organised jointly by the Society of Actuaries of China (SAC) and the Actuarial Society of Hong Kong (ASHK). It attracted more than 100 participants from China itself, 8 from Hong Kong and 17 from elsewhere around the world, including the President of the IAA, the Presidents, Immediate Past-Presidents or Presidents-elect of the Society of Actuaries (SOA), the Institute of Actuaries, the Casualty Actuarial Society (CAS), the Institute of Actuaries of Australia (IAAust), the Canadian Institute of Actuaries, the Institute of Actuaries of Japan (IAJ), the Actuarial Society of India, the Singapore Actuarial Society and the Actuarial Institute of Taiwan.

The Conference was also held under the sponsorship of the China Insurance Regulatory Commission (CIRC) and was opened by the Chairman of CIRC, Mr. Ma Yongwei. Mr. Wu Xiaoping, Vice-Chairman of CIRC, and responsible for life insurance regulation, stayed throughout the conference and 15 other members of staff of the CIRC attended. Other attendees from mainland China included the Secretary-General of the Insurance Association of China (IAC), the President and Secretary General of the SAC, representatives from most of the life insurance companies and composites and representatives from 11 Chinese universities with an interest in actuarial education.

In his keynote speech, Chairman Ma Yongwei placed great emphasis on the importance of the development of the actuarial profession in China. He also explicitly acknowledged that developments so far in the Chinese actuarial profession had been oriented mainly towards life insurance, but that now CIRC would also be concentrating on introducing effective actuarial involvement in general insurance and reinsurance. He also announced that actuarial consulting firms would be licensed to operate in China.

A presentation on the Development of the Chinese Actuarial Profession was given by Ms. Bao Hongjian of Metropolitan Life, Chair of the SAC. There are 43 Fellow Chinese Actuaries, all of whom qualified under the initial entry examination set by CIRC in 1999, having previously attained the Diploma in Actuarial Techniques of the Faculty and Institute of Actuaries (F&IoA) or the equivalent subjects of the SoA. This 1999 examination was essentially an examination on Chinese life insurance legislation and practice. In future Chinese actuaries will qualify as Fellow Chinese Actuaries by completing an extensive series of examinations, part completion of which leads to the Associate Chinese Actuaries. The "fellowship" examinations are not yet fully in place.

At the time of the seminar there were 7 mainland Chinese FSAs (one of whom had emigrated) and about 40 ASAs, but only 1 AIA and no FIAs (there will probably be several more AIAs with the latest diet of examinations, and there are several who could potentially qualify as Fellows).

The SAC was formally established in July 2001, and Ms. Bao Hongjian ASA was elected Chair. The fact that Ms. Bao was elected was highlighted by Mr. Ma and Mr Wu. An organising committee had previously been established under the IAC in December 1999, with Mr. Li

Mingguang of China Life Insurance Company appointed by CIRC as the Chair. Under the Chairperson there are two Vice-Chairpersons, each of whom heads up one of the two Committees, the Education and Examination (E&E) Committee and the Principles and PR Committee. The Chairperson of the E&E Committee is Associate Professor Li Xiufang ASA of Nankai University, Tianjin, which is the longest standing actuarial programme in a Chinese university, dating from 1987.

From about 70 applicants who sat the first Chinese actuarial examinations in 1999, the number of students has increased dramatically, with 8 examination centres now operating and some 2000 applicants expected in 2002. Associate examinations are as follows:

- 01 Mathematics (1)
- 02 Mathematics (2)
- 03 Interest Theory
- 04 Actuarial Mathematics
- 05 Risk Theory
- 06 Mortality Tables
- 07 Life Insurance Actuarial Practice
- 08 Non-Life Insurance Actuarial Practice
- 09 Financial, Accounting and Economics

Pass rates have averaged about 30%, ranging from 45 to 50% for 01 and 02 and 40% in 08 to just over 10% for 03. The Fellowship examinations will be introduced shortly and will consist of three compulsory subjects:

- Regulations
- Insurance financial
- Individual life insurance

and two of the following elective subjects:

- Asset/liability management
- Social insurance
- Advanced investment
- Group insurance
- Accident & health insurance

The system bears a lot of similarity to the previous SoA System, with a small amount of non-life insurance actuarial practice added. SoA materials were used extensively in the development of the examinations and some Hong Kong actuaries have been helping to adapt the system for the Chinese situation. Five books have been published in Chinese to accompany the Associateship examinations and Fellowship examination textbooks will be available over the next 18 months. The SoA have authorized translation of some textbooks and study notes and financial support has been obtained by foreign companies to get the Chinese study books published.

Actuarial education programmes are offered in at least 15 universities, some of which also train students for examinations of SoA (8 examination centres), F&IoA (2 examination centres) and IAJ (2 examination centres).

Apart from presentations by the President of the IAA and the visiting representatives of overseas actuarial associations, the afternoon of Day 2 consisted of 4 breakout groups discussing:

1. Examination syllabus
2. Involvement of universities
3. Recognition of qualifications
4. Professional development

Discussion in the smaller groups was lively. Group 1, facilitated by Jeremy Goford FIA and Dominic Lee FSA (AIA Shanghai), sought to address the objectives of the syllabus, particularly for the Fellowship examinations, by considering what sort of work Chinese actuaries were being called upon to do (or should be called upon to do) and what education was needed to prepare them for such tasks.

Group 2, facilitated by Chan Wai Sum FSA (University of Hong Kong) and John Shepherd FIAA (Macquarie University, Sydney) tackled such issues as the practicality of university education being granted exemptions (not thought practical because of varying standards), the conflicts between the universities trying to give a good education and employers wanting to recruit graduates who have passed a reasonable number of professional examinations, the importance of promoting actuarial research in the universities and the possible need for the universities to receive financial support from SAC. It was thought that there was scope for a more symbiotic relationship between the SAC and the universities, with universities helping in the provision of continuing education offerings and SAC members with practical and business experience helping the universities with teaching input on applications subjects.

Group 3, facilitated by Edward J. Levay (President, IAA) and Lo Won How FSA (Taiwan) looked at recognition of qualifications, which included discussion on whether the IAA Education Guidelines and Syllabus had been taken into account in designing the SAC examinations. Some SAC and CIRC representatives did not seem particularly aware of the IAA syllabus, although two professors from the universities, who participated for part of the Group 3 discussion, were well aware of it. There was perhaps a tendency to think that if they followed the SoA they must meet the required standard, although this rather begged the question as to whether the old SoA syllabus which they were following would in fact meet the IAA requirements. The group went on to discuss some of the issues of qualification standards, the distinction between education and qualification to practice and mutual recognition. Some are concerned that insufficient recognition is being given to providing exemptions for examinations passed under the SoA and F&IoA examination systems, necessitating that those who have obtained internationally recognised qualifications have to sit effectively the same examinations again under the Chinese system. In due course there will also be the corresponding issue of whether those who have passed examinations in the Chinese system will be granted any exemptions by other bodies or whether there can be mutual recognition of qualifications. It was pointed out that the IAA Education Guidelines and Syllabus were not primarily intended for mutual recognition purposes, although it could be that an internationally recognised qualification could emerge at an “Associate” level equivalent to the IAA syllabus.

Group 4, facilitated by Helen Martin FIAA and Yuan Chang FSA considered professional development under the headings of:

- The role of regulation and self-regulation
- The meaning of professional life as an actuary
- Continuing Education

Under the first it was suggested that the regulator and the profession would need to learn to work closely together and that the profession should provide direction or support rather than prescriptive rules, perhaps more in the nature of guidance as to what not to do. For the time being it was likely that the Chinese approach would veer more towards regulation from CIRC, as the profession was not well-developed. On the second issue it was emphasized that the actuary needed to learn to understand the balance of interests of all the relevant stakeholders and that it was also desirable for actuaries to get to participate in all parts of an organisation. Communication skills were vitally important if actuaries were to make an impact with senior management. Continuing education seemed to be beyond the horizon for the moment, since all efforts are being expended in developing initial education. However, sharing of experiences was seen as important and it was felt that the universities should be able to provide some CPD seminars and newsletters. There was an intention to have some SAC meetings and to develop the website.

Apart from the formal sessions, the meeting provided an excellent opportunity for informal interaction between Chinese actuaries and regulators with each other and with the foreign guests.

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