WELCOME FROM THE EDITOR
Gerd Warnke

Dear IACA member:

We are very happy to present you the IACA newsletter #3. As in the previous editions, you will find some interesting news about what is going on in the world of consulting actuaries. There are some hints to upcoming events that you may wish to join. We have added a link which allows you to conveniently access more detailed information to each event. You can also click here to get an overview of what else is going on.

We also have reports about conferences and meetings that have just taken place. Gautam Kakar and Cathy Love Soper summarize some sessions from the Joint IACA, LIFE, and PBSS Colloquium, which took place from June, 7 to 10, in Oslo and which was very successful.

Rade Musulin and Margaret Sherwood give you some short bits of contents of the track from the Joint ASTIN, AFIR/ERM and IACA Colloquium in Sydney from 23 to 27 August 2015.

Margaret Sherwood offers a call for nominees for the IACA Committee. If you are interested in serving IACA I encourage you to read her call and respond.

The IACA committee had the great honor to be invited by the ACA to a dinner at the Old Bailey in London. David Fairs gives a short report of this event and its background.

Doug Carey had an encounter of a different kind with the ACA: he was invited to the International part of the ACA conference Gatwick. Read his report of this event as seen by an actuary from the USA.

Morten Harbitz, who has been IACA’s treasurer for many years now, gives his report about IACA’s actual financial situation.

Finally, countries in Africa are confronted with a lot of problems on their way to build up a working social security system that covers the whole population. Kudzai Chigiji’s report about problems with healthcare and micro-insurance in South Africa gives you an impression of the difficulties and complexities actuaries are confronted with there. Actuaries play a very important role in this struggle for more security. So reading Tawanda Chituku’s report on the first meeting of the actuarial society of Zimbabwe is good and encouraging news.

So we have tried to assemble a colorful bouquet of information for you which we hope you will find interesting and instructive to read. We would be very happy to get a feedback from our readers, so please let us know your opinion.

To be able to issue a newsletter at least twice a year, we need and are looking for consulting actuaries willing to contribute. So if you happen to know of any papers, interesting news, or articles suitable for publication in the next newsletter, please let us know.

This newsletter will be archived and can be easily accessed by every IACA member on the IACA website. There you can also find some other interesting information about IACA and its members.

If you have feedback or would like to offer to write material for future editions, please send a note to Rade Musulin at rmusulin@sprynet.com.

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GREETINGS FROM THE CHAIR
Margaret Tiller Sherwood (US), IACA Chair

At the April 2015 IACA Committee meeting, we continued our focus on continuing education as well as dealing with routine business.

We made final preparations for the Joint Colloquium with PBSS and IAALS in June 2015 in Oslo, Norway and worked on the program for the Joint Colloquium with ASTIN and AFIR/ERM 23-27 August 2015 in Sydney, Australia. We also reviewed the plans for our 26-29 June 2016 Joint Colloquium with PBSS, IAAHS, the CIA, and IPEBLA in St. John’s, Newfoundland, Canada. Our biennial General Meeting including election of new Committee members will be at the St. John’s meeting.

The Oslo meeting was a resounding success, having the maximum registrants possible. Summaries of the IACA presentations that were made are found on pages 5-6 of this newsletter.

The upcoming Sydney meeting was occurring just as this Newsletter went to press. Summaries of the IACA presentations that will be made are found on pages 8-9 of this newsletter. Information on that meeting can be found here.

The website for the June 2016 Joint Colloquium is up at http://www.actuaries.org/stjohns2016/. The Call for Papers is listed there with a deadline of 1 October 2015.

I look forward to seeing you at a meeting soon.

SUMMARIES OF SESSIONS AT THE OSLO COLLOQUIUM

Social Insurance Issues in the Gulf
Cathy Love Soper

There are social insurance funds in all of the six Gulf Cooperation Council states which provide social protection and social welfare to all Gulf nationals. They represent the largest, and typically the only, pillar of pension provision for most people. Expectations are very high regarding the level of benefits provided, which are extremely generous. However, these funds are finding themselves in progressively worsening financial positions (for a number of reasons, outlined below) and are unsustainable in their current form. The challenge is therefore how to reform these social insurance funds to achieve stability and sustainability, particularly given the sensitive political constraints in the region.

Causes of the worsening financial positions include:

- In the early years of these funds, the net cashflows into the funds each year were considered to be ‘surpluses’ and were spent;
- The funds are typically partially funded (as in common across the world for many social insurance funds) but they often do not have a ‘benchmark’ or ‘level’ defined in legislation as to what they should fund to. Thus all focus on the funding position is lost;
- Contributions are typically woefully insufficient to pay for the very generous benefit levels, particularly considering the very early ages at which people can retire with an unreduced pension;
- The countries are facing many of the same demographic pressures as the rest of the world; rising life expectancies which mean that pensions become more expensive, falling fertility rates which means that the ratio of contributors to pensioner is falling, and an ageing population.

Because of the above, there should be much work for actuaries in the region to help the funds reform their benefit structures. Action is required relatively urgently as changes will need to be staggered over time if they are to be accepted by the workforces.

Ex-pat provision

Foreign nationals in the Gulf, or ex-pats, are not included in the social insurance funds. They are protected to an extent by the region’s labour laws (if they are in formal employment) which entitle workers to a lump sum linked to service and final salary when they leave employment. However, there is a huge disparity between the size of these lump sums (which are typically very small) compared to the level of benefits received by a Gulf national. Furthermore, these benefits are not pre-funded and so there is no protection for workers on insolvency.

Ex-pats account for the majority of the workforce, and population, in the Gulf and therefore this issue is coming to the fore. There should be demand for actuaries to get involved in modelling alternative arrangements for ex-pats.
Shareholder Reporting in Life Insurance

Gautam Kakar

This session reviewed several aspects of shareholder reporting for life insurance. It was repeated at the Sydney Colloquium.

Technical Provision:

This is funds set aside by the company to meet the expected future liabilities. The calculation depends on assumptions for parameters like Mortality/Morbidity, Investment Return, Expense Incurred, and Withdrawal Rates. An area of concern is the disagreement between shareholders and actuaries on the assumptions for setting technical provision.

It was discussed during the presentation that any expense overrun may be debited to shareholder’s account to make the management accountable for their decision.

Embedded Value:

It was considered to be a useful measure of profit and an aid to putting a value on a company. Major shortcomings are allowance of risk, asset risk, and expensive guarantees. Market Consistent EV attempts to value shareholder adjusted basis. The shortcoming of MCEV is not persistent with quantifying mismatch risk and risks where market does not exist e.g. persistency.

Goodwill:

This is the value associated with new business the company is expected to write in future. Goodwill depends on several factors, including the reputation of the firm, the type of distribution outlet, and the expected growth rate in future sales.

Risk Appetite:

Risk Appetite is the degree of risk, on a broad-based level, that shareholders are willing to accept in pursuit of their objective. Management should first consider the shareholder’s risk appetite in evaluating strategic alternatives, then in setting boundaries for downside risk. The importance of Risk Appetite is that it helps in defining company strategy, the risk management framework for the organization, and in managing stakeholder’s expectations appropriately. Solvency 2 also requires a risk based approach. Two approaches are used to determine Risk Appetite, the Top Down Approach and the Bottom Up Approach. In the Top Down Approach, Risk Appetite is determined by the board and cascaded down to the organisation. In the Bottom Up Approach, expressions of Risk Appetite at ground level are aggregated to develop an overall appetite for risk. The relevance of Risk Appetite is that it defines the risk shareholder is willing to accept and helps in measuring risk adjusted return. Also, shareholders may expect to see risk appetite reports including any breaches.

The link to the presentation is http://www.actuaries.org/oslo2015/scientificprogram.cfm.

UPCOMING EVENTS

General

Dates for the next meetings of the IAA at which the IACA Committee will meet:

- 14-18 October 2015 – Vancouver, Canada
- 26-29 May 2016 – St. Petersburg, Russia

Biennial Meetings:

- 27-29 June 2016 – St. John’s Canada with PBSS, IAACS, IPEBLA, and the IA
- 30 May – 2 June 2018 – Berlin, Germany – With ICA meeting

Others:

- 19-22 October 2015 – Conference of Consulting Actuaries in Bonita Springs, Florida
- 3-6 November 2015 – 19th Asian Actuarial Conference, Bangkok
- 4 February 2016 – ACA’s International afternoon conference in Gatwick

For more information on upcoming events, please visit the IAA website.

St. John’s 2016

The scientific committee has issued a call for papers for the 2016 Joint Colloquium being held in St John’s, Newfoundland from June 27-29, 2016. This is a joint Colloquium with participation from IACA, IAACS, and PBSS members as well as the International Employee Benefits Lawyers Association (IPEBLA). As the meeting attendees will be lawyers and actuaries, some topics that are relevant to both professions will be preferred. We are also seeking specialized topics that are of keen interest to IACA members, as there will be parallel sessions during all three days of the Colloquium.

The meeting is being held in conjunction with the Canadian Institute of Actuaries – with planned joint plenary sessions in the newly constructed Convention Center as well as joint networking sessions and festivities. For those who have not visited St. John’s before check out views of the City on our website.

There are a limited number of sponsorship opportunities at the meeting. If your organization is interested in being a sponsor please contact Eduardo Lara di Lauro.

For more information concerning the 2016 Joint Colloquium contact Adam Reese.
SUMMARY OF PRESENTATIONS FOR THE SYDNEY COLLOQUIUM

Sydney 2015

The Actuaries Institute hosted the Colloquium of the International Actuarial Association in Sydney from 23 to 27 August 2015. This colloquium was a joint collaboration of three IAA sections, the Actuarial Approach for Financial Risks/Enterprise Risk Management (AFIR/ERM), Actuarial Studies in Non-Life Insurance (ASTIN), and the International Association of Consulting Actuaries (IACA).

The theme of the conference, Innovation & Invention, recognizes the historic and ongoing contribution of ASTIN, AFIR/ERM, and IACA to actuarial thought and practice.


Data Problems and Solutions
Margaret Tiller Sherwood

The availability, quality, and issues surrounding quantitative data are at the forefront of all data-driven actuarial work. Of equal, and sometimes more importance, is qualitative data, which also can vary in availability and quality. Examples will be given of qualitative data that changed the interpretation of quantitative data and significantly affected the estimates.

One problem often encountered is small data sets for unique situations and reinsurance. Various approaches to working with small data sets were discussed.

Credibility is dependent on data type, size, and applicability to a particular situation. Examples of questions to ask and how the answers affect the credibility decisions were presented.

Applicable international and United States practice standards were discussed.

Participants were encouraged to pose data issues for the presenter and participants to discuss or provide data issues they have encountered and how those were handled.

Demographics, Development, and Disasters: The Role of Insurance in Planning for the Future
Rade Musulin

Consulting actuaries need to adapt to changing conditions and seek new areas to utilize their expertise in. This session considered several such "emerging" opportunities in non-traditional practice areas. One was examined in detail: how actuarial tools and techniques can be applied to the problem of designing building codes for a future state which may differ significantly from the current one.

To date global building codes have been developed largely by structural engineers using static state deterministic approaches focused on life safety, single building structural integrity, and today’s environment. It should be obvious that all three of those thought process are flawed:

- Macroeconomic costs are an important consideration, currently using the buzzword "community resilience".
- The cost of insurance is related to the risk concentration, meaning the cost of insuring a building depends not only on its characteristics but those of the buildings that surround it.
- Conditions of either risk concentration or climate conditions will change over the 50 or 100 year design life of a building.

Because of the above, a new building code and land use paradigm is being proposed, moving to a stochastic process to determine the optimal level of investment in risk mitigation, and “actuarial” tools such as catastrophe models and Economic Capital Models can be a key tool for doing so.

Regulatory Trends in the Asia Pacific Region – Opportunities for the Actuarial Profession
Rade Musulin

The Asia Pacific region is comprised of over twenty jurisdictions, each of which is pursuing modernization of their regulatory regimes. In addition, many countries will be or are considering taking government actions to form (or reform) catastrophe pools or increase the use of insurance to improve their economies. This will have profound implications for companies doing business in the region. This session surveyed major regulatory initiatives and offered three case studies of government initiatives in the insurance sector.

The case studies were in Australia (Northern Australia Insurance Premiums Taskforce), China (Opinions of the State Council on Accelerating the Development of Modern Insurance Industry), and New Zealand (Post-Christchurch Response). These represent both opportunities and challenges for consulting actuaries.
CALL FOR NOMINEES
Margaret Tiller Sherwood

The IACA Nominating Committee is requesting volunteers for service on the IACA Committee. According to the Rules specified on the IACA section of the IAA website, the IACA Committee can consist of up to 18 members. Two of these are appointed by the IAA Council. The remainder are elected by the Section Membership, at a General Meeting, for a term of four years. It is anticipated that there will be at least three terms available to be filled in the next election. The next General Meeting will be at the 26-29 June 2016 Joint Colloquium in St. John’s, Newfoundland, Canada, and Committee terms will start at the conclusion of that meeting.

The duties and responsibilities of the committee members can be summarized as being to carry forward the mission of the IACA section. As such, the Member is expected to participate actively and constructively in the discussions of the Committee, whether in person, by telephone, or through another form of communication. The Member is expected to be willing and able to take on his/her share of assignments at the direction of the Chair. Those assignments can include one or more of the following kinds:

- Publications and Professionalism
- Member Services and Development
- Planning Colloquia

Typically, the committee has two regularly scheduled face-to-face meetings per year, in conjunction with the meetings of the International Actuarial Association committees at various locations around the world, as well as a number of scheduled teleconferences. In addition to these meetings, the Committee conducts some of its business by e-mail. All committee members are expected to be active participants and to contribute to these meetings and discussions.

We welcome applications for committee membership from members of the IACA section who are willing and able to fulfill the role of open committee positions. If interested, please reply to Doug Carey doug@dougcarey.com including a short profile or CV.

CALL FOR AWARD NOMINEES
Brent Walker

The IACA Committee is seeking nominations from the membership for two awards.

The 2016 Max Lander Award

In 2004 IACA inaugurated a “Consulting Actuary Lifetime Achievement Award”. This award is named in honour of the late Max Lander who was a founding member of IACA and the initial IACA Secretary/treasurer. The Max Lander Award is given to a member of the actuarial profession who has contributed to the public awareness of the work of the actuarial profession and the promotion of the business of consulting actuaries.

The 2016 Geoffrey Heywood Award

This award is named in honour of Geoffrey Heywood MBE who was the founding Chairman of IACA. The award was first presented at the Washington ICA in 2014. The Geoffrey Heywood Award will be given to a young consulting actuary who has provided significant services to the public and the actuarial profession.

The IACA Awards Committee will decide who will receive the Awards at the 27-29 June 2016 meeting of the IACA/PBSS/IHAHSS/IEPBLA colloquium at St John, Canada after receiving nominations from the members of IACA and other actuarial organizations or actuaries who believe their nominee is truly worthy of the award:

A) The Max Lander Award may be awarded to any actuary who is, or has been, a consulting actuary.
B) The Geoffrey Heywood Award may only be awarded to a consulting actuary who is under age 40.
C) Nominations are required by Friday April 29, 2016 and should be sent by email to Brent Walker chairman of the IACA Awards Committee (brent@bwas.com.au) with a copy to Cathy Lyn secretary of IACA (clyn@sympatico.ca)

The recipients of the Awards will receive a plaque and a monetary award which will be donated in honour of the recipient to an actuarial-related organization of his or her choosing that is involved in or promotes the development of the actuarial profession. The monetary award will be C$1,000 for the Max Lander Award and C$500 for the Geoffrey Heywood Award.

IACA TO A DINNER AT THE OLD BAILEY
David Fairs

The Association of Consulting Actuaries (ACA) played host to IACA at the recent IAA meeting in London. Adrian Waddingham, a former Chairman of the ACA, hosted a dinner at the Old Bailey.

At the time Adrian was one of the two elected Sheriffs of London, a now largely ceremonial role but once very powerful dating from 1066. Prior to dinner Adrian provided a private tour of a number of the main Courts and the cells – once they had been emptied of those on trial that day. Members of IACA and ACA were also taken along “Dead Man’s Walk”, the route from the condemned cell to the gallows which consists of a series of narrowing arches designed to intimidate the condemned as they approached the gallows.

After the guided tour Adrian hosted dinner in the judges dining room. By tradition, one of the two Sheriffs must host lunch in the dining room for the judges sitting on trials each day. After dinner Adrian ran through the history of the Old Bailey and the ceremonial role that the Sheriff now plays. Finally, Adrian had looked through the archives to find namesakes of those attending and who had previously been brought to trial in the Old Bailey. The historical criminals that The Sheriff identified were Margaret Sherwood, Thomas Terry, and Mike Smith. At the dinner each entered a plea of nolo contendre.

The event was an excellent opportunity for members of the ACA and IACA to get to know each other in a memorable setting.
SUMMARY OF ACA CONFERENCE
Douglas Carey

IACA Executive Director, Douglas Carey, along with U.S. actuarial colleague Dan Cassidy were invited guest speakers at the annual UK Association of Consulting Actuaries (ACA) conference held outside of London on 5-6 February 2015. The focus of the conference was the many changes that have taken place in the UK approach to providing retirement income over the past decade in the massive shift from defined benefit to defined contribution schemes.

Doug and Dan, along with UK actuarial colleague, Paul Kelly, presented at a session entitled "International Briefing: US and EU Trends". The session focused on lessons that can be learned from the U.S. in the shift from defined benefit to defined contribution retirement approaches over the past three decades. There was much discussion about the differences between the US and UK in approach and funding both in the hour long session and in informal discussion during the two-day conference. Doug and Dan had both the opportunity to teach their UK colleagues as well as learn from them.

The session focused on the issues around providing an adequate retirement income in the private sector in the US where schemes have predominately been transformed from defined benefit to defined contribution approaches over the past three decades.

The focus was on the following:

• Challenges on providing an adequate income from defined contribution schemes compared to their defined benefit predecessors.
• Actions employers have taken and can take to improve savings rates and, thus, improve retirement income adequacy.
• Ways of changing employee behavior to ensure better financial outcomes
• Financial products to support a stream providing retirement income from lump sum payouts

FINANCIAL STATEMENT OF IACA 2014 AND Q1 2015
Morten Harbitz, Treasurer

In 2014 IACA had 416 members, generating income of CAD20,800. At Q1 2015 the reported number of members is 336. This number is expected to increase during the year as the reports from the associations get more up to date. As the financial income currently is very low, the main source of income is the dues from the members.

Expenses normally fluctuate during the year. Travel expenses are mainly related to IAA meetings. These usually are in Q2 and Q4. We can therefore expect this item for the full year 2015 to be on level with 2014.

Section administration is IACA’s part of the expenses for the IAA Secretariat. In previous years this item has been steadily increasing. However, this year we hope to keep this item at the present level due to the large surplus produced by the Congress in Washington in 2014, of which a considerable amount will be used for this purpose.

Every fourth year IACA is arranging a colloquium and has economic responsibility. This will be so in 2016. In the years in between, IACA will only have expenses connected to the colloquia, as the figures below show.

Overall, IACA is in solid financial condition, though increasing membership would allow us to increase our revenue for investment in initiatives such as bursary awards for papers. Most of the losses in 2014 and Q1 2015 were expected due to fluctuations in revenue and expenses over four year periods. Over a longer time horizon revenue and expenses should be in balance, though bursaries have been higher than budgeted.

IACA Financial Summary (all numbers in CAD)

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The Alternative to the Medical Scheme Model for Africa

Kudzai Chigeji

In Africa, wage-based social insurance and private health insurance have had very limited impact because they failed to cover informal sector workers and the rural self-employed who constitute the majority of African populations.

In South Africa, there has recently been talk of 'low cost' health cover. However, what is truly 'low cost' for the poorest? What does appropriate cover look like in a completely different socio-economic (and maybe even geographical) environment?

The role of healthcare cover in reducing poverty levels and boosting economic growth is clear. However, the spread of formal healthcare cover has often been limited as a result of affordability.

South Africa has often considered itself the exception to the woes of Africa, and in many respects, it has managed to break the mold. However, the poverty we know of in 'Africa' is in actual fact not too different from what South Africa experiences in its dark, less-spoken-of corners and where some find themselves heading as the financial tides in South Africa turn with rising costs of living and unemployment.

Healthcare coverage is on every nation’s agenda. Next to education, it is the obligation of any democratically elected government to its people. A nation’s economic progress is also inextricably linked to the health status of the population, which explains why the medical scheme industry has received ever increasing attention, and ever more so in South Africa with the delay of National Health Insurance.

The medical scheme model is based on health insurance which encompasses risk-sharing and is supposed to reduce unforeseen or even unaffordable healthcare costs (in the case of illness) to calculable, regularly paid premiums. However, this mainly caters for those in the formal sector – leaving out those in the informal sector and rural areas.

The medical scheme model has been the preferred mode of providing healthcare coverage to South Africans. This serves as a more formal model than what is often witnessed in other African countries, where medical schemes are often found in the formal, private market or for government employees. However, less formal models are implemented in other sectors based on the needs of the communities.

Several nations across the continent saw the rise of user fees in the 1980s on the backbone of reduced funding for healthcare from some development organisations. However, these did not compensate for the rising bad debts experienced by healthcare providers. This remains a challenge even today for both patients and healthcare providers.

This leaves us with a multi-faceted healthcare coverage challenge: poor social security, negative side-effects of user fees, and persistent problems with healthcare financing. This has resulted in more innovative and custom-made solutions to the healthcare financing problem.

The challenges facing healthcare coverage have resulted in the emergence of health insurance schemes in Africa which have taken the form of local initiatives of rather small sizes that are community-based with voluntary membership. They are often initiated by health facilities, NGOs, local communities, or cooperatives. These are more common in West Africa than in Central, East and Southern Africa.

The geographical coverage varies considerably between and within countries. In Tanzania and Cote d’Ivoire, these are predominant in urban areas whereas in Uganda, Ghana and Benin they are more common in rural areas. The development of these schemes began in the 1980s. This model set off in the DRC in the eighties as the government significantly reduced funding for healthcare opening a gap for alternatives. The same applies for Guinea-Bissau. The spread of CBHI schemes picked up in pace in the 1990s to Ghana, Benin, Mali, Kenya.

The size of these schemes varies from less than 100 to a million participants. As with formal insurance schemes, the size has a contributing role to the sustainability of the schemes with some of the smaller schemes often closing down and others having been in operation for decades.

Given the slightly ‘socialistic’ mandate of healthcare financing for low income earners, mainly two questions reign supreme when it comes to assessing their efficacy:

1. Has the scheme improved access to healthcare and thereby contributed to better health outcomes?
2. Has the scheme stabilised incomes and helped to preserve assets?

This requires that the scheme is viable and sustainable in its given setting, both from an institutional and financial point of view.

The three key success factors are:

- Scheme design and management
- Behaviour of healthcare providers
- Household and community characteristics

The X-factor for healthcare financing for the low income earners and for less formal environment is the last success factor above – households and communities. Community participation is a concept which has not been largely witnessed in South Africa but has been instrumental in Community Based Healthcare Insurance (CBHI) schemes.

The degree of community participation in the design and running of the CBHI can vary widely and is usually greater if funds are owned and managed by the members themselves than if schemes are run by health facilities. If members can identify themselves with “their” schemes because they control the funds and have decision-making power, they will tend less to unnecessary use of healthcare services. Do ordinary members actually feel empowered to change the direction of decisions made by their medical aid schemes and do they have a sense of ownership? Or do they feel that they are part of a health system which is working collaboratively with a national health agenda in mind?

Furthermore, strong community participation can facilitate health education and sensitisation of members in order to promote healthy behaviour and the use of preventive services, as the members share a common interest in keeping the costs of healthcare low. For example, the members of a self-governed CBHI comprising several villages in Benin realised that many cases of sickness and a considerable amount of healthcare costs reimbursed by the scheme originated from one distinct village. In consequence, CBHI members of that village and the local nurse organised sensitisation sessions on water hygiene and vaccination.

The demand for health insurance is a crucial factor if the benefits expected from CBHI are to be realised. The demand of households for health insurance depends not only on the quality of care offered by the healthcare provider, on the premium and benefit package, but also on socio-economic and cultural characteristics of households and communities.
Given the unique ethnic, lingual and cultural diversity within African nations, the CBHI approach may be particularly promising for this continent because it allows adaptation to local conditions. Management capacity seems to be the key lacking factor. The actual implementation of CBHI schemes has had mixed results so far, with success and viability largely depending on design and management of the scheme, community participation, regulations at the level of the healthcare provider, quality of services and on the socio-economic and cultural context.

**Doing Things Right**
*Toward Chituku*

On 12 June 2015 the Actuarial Society of Zimbabwe (ASZ), with support from the Actuarial Society of South Africa, the Insurance and Pensions Industry in Zimbabwe, and collaboration from a group of dedicated individuals named “the organising committee” held a one-day actuarial convention under the theme “Doing Things Right”. The idea of holding an actuarial convention was raised by a local consultant named Taurai Jamu at the ASZ Annual General Meeting held in March 2014.

The convention brought together about 150 delegates from a wide range of constituencies and sectors, including researchers, policy makers, state officials, and private sector players. Actuaries from all over the African continent were invited, with an overwhelming response from actuaries based in South Africa. ASZ, through the convention, sought to engage and influence public and policymaker perceptions on the input that actuaries can make in the development and implementation of financial services regulation.

The convention had eight ‘45 minute’ presentations:
1. David Kirk: Actuaries in micro-insurance
2. Rob Rusconi: Treating Customers Fairly – Implications for Disclosure
3. Neil Fourie: Governance in a pension system and the role actuaries play
4. Panel Discussion: The introduction of a risk-based regulatory framework, challenges and lessons from Solvency Assessment and Management (SAM) in South Africa.
5. Olabode Olajumoke: Medical Scheme Governance
6. Roseanne Da Silva: Diversity in the actuarial profession
7. Michael Tichareva: Actuaries in Banking
8. Shepherd Fungura: Role of ERM in business

Presentations were all held as plenary sessions followed by discussion and recommendations, with further time for discussion during teas and lunch. The full programme is shown in annexure 1 of this report.

The many contributions to the conference are gratefully acknowledged:
- The Convention organising committee comprised of Nicolette Patchett from Old Mutual South Africa, David Murerwa, Shepherd Fungura, Mark Hyde, Tawanda Chituku, Emmah Feyani, Sam Mawoyo, and Ms. Shylon Ganyeka.
- Many delegates contributed as presenters, chairpersons, ushers and interest coordinators.
- This short report has been prepared by the secretariat of the Actuarial Society of Zimbabwe for the International Actuarial Association. Here is a link of the photo and video gallery.

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<td>Actuaries in Micro Insurance – Is There a Difference Between not Responsible and Irresponsible?</td>
<td>David Kirk</td>
<td>Actuaries involved in micro insurance may have different roles and responsibilities than for traditional insurers. Simplified reservation calculations and capital requirements arguably reduce the need for actuarial work, placing final responsibility for solving problems on the actuary.</td>
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<td>TCF: Implications for Disclosure Requirements</td>
<td>Rob Rusconi</td>
<td>The Treating Customers Fairly (TCF) framework already in place in the United Kingdom and coming to South Africa is not merely another regulatory initiative. It is a much needed way of considering customer need. It also requires insurers, pension funds, and banks.</td>
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<td>Special Guest – Senator Pupurai Togarepi</td>
<td>Deputy Commissioner of the Insurance and Pensions Commission (IPEC) of Zimbabwe</td>
<td>• IPEC cited some dissatisfaction in the discharge of actuarial work. • Actuaries expected to play key role in product development. • Actuaries told to familiarise themselves with all relevant acts of parliament governing the Insurance and Pensions Industry. • Actuarial reports should include enough detail. • Invited to work closer with Regulator. • Develop stress tests in assessing reserve adequacy. • Advise companies on capital management i.e. separation of insurance funds.</td>
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**Annexure 1. Full program and Discussion points**

• We acknowledge the immense funding help and assistance of the following key institutions: The Actuarial Society of South Africa, African Actuarial Consultants, Atchison Actuarial Services, Beacon Actuarial Consultants, CBZ Life, First Mutual Group, Independent Actuarial Consultants, Minerva Risk Advisors, Nyaradzo Life Assurance Company, Old Mutual Group, Pentact Actuaries, Zimbabwe Actuarial Consultants, and Zinnat Life Assurance Company.

• Many delegates contributed as presenters, chairpersons, ushers and interest coordinators.

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• This short report has been prepared by the secretariat of the Actuarial Society of Zimbabwe for the International Actuarial Association. Here is a link of the photo and video gallery.
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| Governance in a Pension System and the Role Actuaries Play | Neil Fourie | • Characteristics - Adequacy, sustainability, integrity.  
• Metrics - Net Income Replacement ratio which is bad in Zim.  
• Design features of a pension plan.  
• What’s the point of pension provisions?  
• What are the real costs of delivering pension promise.  
In this presentation Niel will look at how the regulator in conjunction with the various stakeholders ensures that a pensions system runs smoothly and looks at the role actuaries play in this process. Niel will use the South African retirement fund industry as an example. |
| Panel Discussion | Neil Fourie, Nicolette Patchette, David Kirk | • Solvency II variant – also based on three pillars.  
• Quantitative impact on businesses is required at the outset.  
• Identify the key stakeholders.  
• Purpose – improve risk awareness.  
• Implementation – break it down into small bite size groups.  
• Implications – capital products redesign, group supervision changes, reinsurance supervision changes.  
• Criticism – IMF thought it lacked consistent application of insurance core principles (ICPs).  
• Notes for Africa – maybe start from ICP from International Association of Insurance Supervisors, economic impact study, refer to SADC Insurance Regulatory Forum. |
| Medical Scheme Governance | Olabode Olajumoke | The topics to be covered include Governance Provisions, areas of regulatory intervention, and implications for Zimbabwe medical schemes.  
• Insist on prescribed minimum healthcare benefits?  
• ASSA getting increasingly involved with medical schemes, though not enough, so should ASZ.  
• Minimum communication requirements with members.  
• Capital requirements for medical schemes.  
• Re-model reimbursement models due to shortfalls – use capitation?  
• Promote member activism – rate hikes, AHFoZ tariff regime ok?  
• Regulation must be enforced to stop mis-selling – IPEC vs MoHCC?  
• Role of ASZ? |
| Diversity in the Actuarial Profession | Roseanne Da Silva | Transformation in the actuarial profession is a key strategic initiative for ASSA. Roseanne will discuss the challenges and progress and also explores other areas of diversity in actuarial practice.  
• Develop and be active in wider and new areas of practice – need more actuaries, tutorial assistance, Khan Academy model.  
• Services should have relevance to stakeholders.  
• Balance diverse interests – no one size fits all approach.  
• Credibility of the profession – quality work must be delivered  
• Brand and Reputation Management.  
• Involvement in Financial Services Space.  
• Develop normative skills (soft skills). |
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<td>Actuaries and Banking</td>
<td>Michael Tichareva</td>
<td>- Do not snooze like what we did in the asset management space.</td>
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<td>The roles by Actuaries in banking typically relate to risk management and have been driven by recent regulatory change. Given actuaries’ quantitative abilities and understanding of the financial world, actuaries are able to play a key role in many areas in banking.</td>
<td>- Actuaries implored to take charge of the risk management space.</td>
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<td>- Targeting to introduce a banking fellowship with ASSA.</td>
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<td>- Actuaries working in provisioning and pricing credit risk.</td>
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<td>- Push for requirement for actuarial sign-off of bank risk models.</td>
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<td>- Marks the evolution of the actuarial profession.</td>
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<td>Role of Enterprise Risk Management in Business</td>
<td>Shepherd Fungura Enterprise risk management (ERM) is an essential component of modern business that assists in the achievement of strategic objectives. ERM has evolved over time to become a key element of business strategy and has helped many organisations utilise its output to improve business processes.</td>
<td>- Enterprise Risk Management becoming ‘a must’ for serious businesses.</td>
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<td>- Provides Business Strategy Support by default.</td>
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<td>- ERM cycles have deep foundations and long gestation periods so a clear implementation strategy is required.</td>
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<td>- ERM cuts across the whole wide organizational hierarchy/organogram/HR structure.</td>
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<td>- Requires a big picture approach to problems.</td>
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<td>- How do actuaries fare against other professionals in this space?</td>
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