

# International News



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# International News

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## Editor's Note

By Carl Hansen

Welcome to the May issue of *International News*. I certainly hope that readers in North America have finally been able to thaw from a winter to remember. As of late March, Washington's famous cherry trees were still sleeping soundly under a blanket of new snow with more northern areas still firmly in winter's icy grip. The "polar vortex's" influence on the United Kingdom was a steady diet of torrential rain and gale force winds from before Christmas through February. Some of the battered coastlines and flooded areas may not recover for some time. I expect that we may be seeing much more interest in climate issues from the actuarial community.

It is the time of the year to think about contributing to the leadership of the International Section and the SOA by standing for election. As the SOA becomes a more internationally diverse organization, it needs more strong voices and experience from outside of North America. Please consider volunteering your time.

This issue of *International News* includes the last two articles from the 2013 Country Feature Article Competition—"Fluctuation Funds In Annuities And Universal Life Products In Argentina" by Fernando Mesquida on page 5 and "Behind the Growth of the Chinese Life Insurance Market" by Sun Feng on page 10. We hope to feature some excellent articles from this year's competition in our next issue.

Also in this issue, we have several other articles of international interest. Three authors give us first hand accounts of recent conferences—the Caribbean Actuarial Association's Annual Meeting in Jamaica in December, the Living to 100 Symposium in Orlando in January, and the Global Conference of Actuaries in Mumbai in February. I hope you enjoy reading this issue! □



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## Chairperson's Corner

By Sunil Sen

**A**fter one of the longest winters in living memory, we are finally starting to see hints of a warmer future. In spite of the arctic temperatures and record breaking snowfalls, the International Section has been far from hibernating. Over the past quarter, we have received significant input from our membership and country ambassadors. The programs below have been selected in order to better serve our membership internationally and to provide volunteer opportunities for our North American membership.

### SCHOLARSHIP PROGRAM

The International Section Council (ISC) has recently approved a scholarship program to fund actuarial exam fees for international students in need. For the first year, the program will be funded with \$2,000 and is expected to fund 10-15 examinations for international students. The program will be administered in conjunction with volunteers from the SOA and Actuaries Without Borders. If successful, we hope to expand the initiative with other SOA sections and joint partners.

### MENTORSHIP PROGRAM

The ISC will be launching a mentorship program in 2014. The program's mission is twofold: first, we want to create a support platform for budding students and actuaries; secondly, the program will offer North American actuaries the opportunity to stay connected internationally as a mentor. We will use 2014 as a beta testing phase and initially target mentees in Taiwan and the Caribbean Region. Mentors will be sourced globally, but are expected to be predominately North American. In addition, we will be partnering with the Smaller Insurance Company Section to specifically target mentors and mentees in smaller organizations or satellite branches.

### AMBASSADOR PROGRAM REDESIGN

We recently asked our country ambassadors for feedback as to how the ISC can better support actuaries in the field. We received responses from over fifteen countries and are in the process of redesigning the

program and our educational offerings. One of the key changes will be pivoting from a one size fits all approach to adopting a country / regionalized approach for the particular membership. Currently, over 80 percent of the SOA's membership outside of North America resides in Asia, with most of them living in a handful of countries. In conjunction with the broader SOA International Committee, which is responsible for the SOA International Strategy, the ISC will be placing considerable focus on revamping our support offerings in the Asia region.

### SEMINAR AND ONLINE EDUCATION OPPORTUNITIES

In 2014, the ISC plans to expand our physical and online education opportunities. This includes more live seminars, webcasts at internationally convenient times, and multi-lingual presentations. Key seminar offerings in 2014 include the ALM seminar held on April 7 in Hong Kong and IFRS satellite seminars offered in various locations throughout the year.

In the coming months, you will be receiving blast emails on the programs above. If you are interested in volunteering to help, please do not hesitate to reach out to the SOA, myself, or one of our council members.

We are already off to great start and I look forward to working with you over the coming year. □



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## Canadian Liaison for SOA

*Emilie Bouchard*

I am happy to introduce myself as the Canadian liaison for the Society of Actuaries (SOA). I am really excited to be part of the actuarial community, since I believe that our profession equips us to contribute to the world by bringing some peace of mind to people in all areas of risks. I believe that the world needs leaders with high integrity more than ever and as actuaries, we certainly have the potential to provide unbiased opinions on current societal issues. Since I started in this role a couple of months ago, I have been more involved with our vibrant community of actuaries who connect with each other, share ideas and advance the profession. It is one of my goals to help these engaged actuaries continue to share their passion for our profession with others this year.

I am a fellow of the Canadian Institute of Actuaries and the Society of Actuaries. Prior to joining the SOA as staff, I worked as a pension consulting actuary for 16 years with large global human resources consulting firms. I am located in Ottawa and I travel within North America to connect with other Canadian actuaries, whether at meetings or in their home town. My role is to lead the SOA's professional development, research topics and content development for Canadian members. What I wish to accomplish in this position is to:

- Connect with Canadian actuaries in all areas of practice to find out how the SOA can assist even more in enhancing your experience as an actuary and in complementing your employer's offering of professional development and research;
- To be your point of contact for submitting project ideas to the SOA; and
- To contribute to this great community of actuaries and stakeholders to advance the actuarial profession.

As you know, at the SOA, we offer education material, seminars, webcasts, podcasts, publications, and research material that are relevant to our members around the globe, as well as Canadian-specific content. In particular, the SOA extends its research capabilities to provide expertise, resources and funding to assist in bringing valuable research to Canadian actuaries and the public. For that purpose, we collaborate with the Canadian Institute of Actuaries (CIA). As an example, I encourage you to consult the latest joint research effort between the SOA and the CIA, "*Sustainability of the Canadian Health Care System and Impact of the 2014 Revision to the Canada Health Transfer.*"

If you want ideas on how to stay connected with your actuarial community, you have a project idea, or you have questions or comments on the SOA's offerings in Canada, please contact me at [ebouchard@soa.org](mailto:ebouchard@soa.org) or 613-402-4118. Follow me on the SOA [Twitter](#), [LinkedIn](#) and [SOA Candidate Facebook](#) channels! □



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# Fluctuation Funds In Annuities and Universal Life Products In Argentina

By *Fernando Mesquida*

## INTRODUCTION

Between the end of the 1980s and the 1990s, the annuity and universal life market started to develop in Argentina, intending to supplement state pensions.

The context for the initial implementation of these products comprised the following elements:

- A commercial and regulatory need of offering a minimum guaranteed interest rate.
- Rate of return and quality limitations of long-term government bonds.
- Short-term investment returns higher than the minimum guaranteed rate of return.
- Volatility of the financial market.

Against this scenario, traditional products represented a strong limitation to insurers' financial strategies. The reason was that they prevented the maximization of investment returns because, if temporary financial losses occurred, these would be absorbed by insurers and could not be offset with previous extraordinary gains or gains that would be earned if financial assets would recover their value during a different policy term.

As a consequence, plans with fluctuation funds were developed and proved to be successful. This article provides a general overview of this experience and the innovations made in Argentina on this matter.

## FLUCTUATION FUNDS DURING THE ACCUMULATION PERIOD

A plan including a fluctuation fund for the accumulation period is a plan where each individual policy has two associated savings accounts:

- a. The guaranteed savings account, to which premiums and the minimum guaranteed interest rate are credited, and from which account maintenance charges, the insurance cost, and all other charges are debited.
- b. The fluctuation fund, to which excess returns are credited and from which financial losses are debited.<sup>1</sup>

Conceptually, two separate accounts are kept for each insured: (1) the guaranteed savings account, and (2) a fluctuating savings account, which credits or debits the same amounts as (1) for transactions like premiums, partial surrenders or expenses, but is credited with the net return on investment, whether positive or negative, instead of the guaranteed interest rate. The fluctuation fund is equivalent to (2) minus (1).

The policy states that the fluctuation fund balance, if positive, is credited to the guaranteed savings account upon the settlement of any such benefit as death, surrender or annuitization. If, at that time, the balance is negative, it will be nullified and, therefore, the loss will be absorbed by the insurer. In this way, the higher value between (1) and (2) is always recognized.

## Accounting

The positive balance of a fluctuation fund is recorded as a corporate liability, as well as reserves. If negative, this balance is not entered under assets, as it is in essence an insurer's contingent asset accounting for the right to make up for past losses with the likely future positive results exceeding the guaranteed return. The balance is calculated on a seriatim basis, therefore, what is actually recorded is the addition of the positive balances of the fluctuation funds of all in-force policies.

### FLUCTUATION FUNDS DURING THE DISTRIBUTION PHASE

The fluctuation fund for the distribution phase was implemented on the Single Payment Annuities market that emerged in 1994 under the retirement reform. The technical interest rate (maximum 4 percent) and mortality tables were the same for the entire market. Competition then did not develop by price but by the contingent benefits recognized to annuitants associated with investment returns.

The same concept used for the accumulation period was applied to annuities under two different schemes:

1. "Actuarial" fluctuation fund
2. "Financial" fluctuation fund

These names are used in professional jargon and cannot be explicitly found in either agreements or technical notes.

#### Actuarial Fluctuation Fund Scheme

Under this scheme, an "Excess Return Index" is regularly recorded (on a daily, monthly or annual basis), calculated as the aggregate of the excess return for the previous term index.

$$\text{Excess Return Index}(t) = \text{Excess Return Index}(t-1) \times [1+R(t)] / (1+i)$$

Where:

$i$  = guaranteed interest rate corresponding to the period  $t-1$ .

$R(t)$  = Net Return on investments at period  $t$ .

The payment is adjusted by the formula below:

The maximum of:

$$P(t) = P(0) \times \text{Excess Return Index}(t) / \text{Excess Return Index}(0)$$

Or:

$$P(t) = P(0),$$

Where  $P(t)$  is the payment at period  $t$ .

The balance of the fluctuation fund at time  $t$  will be equal to the difference between the reserve calculated on the payment adjusted by the variation of excess return index and the reserve calculated on  $P(0)$  amount. For this purpose  $P(t)$  can be lower than  $P(0)$  so, if excess returns index variation as from inception of the policy was negative, the fluctuation fund balance would also be negative.

#### Financial Fluctuation Fund Scheme

Under this scheme, the excess return is credited to the fluctuation fund at the end of each period, as per the formula below:

$$FF(t) = [FF(t-1) - REC(t)] \times [1+R(t)] + \{P \times [APV(x+t-1) - 1]\} \times [R(t) - i]$$

Where:

$FF(t)$  = fluctuation fund balance at the end of period  $t$

$REC(t)$  = recognitions paid during period  $t$

$APV(x+t-1)$ : actuarial present value of a due-annuity of 1 at attained age  $(x+t-1)$  at the guaranteed interest rate

$P$  = guaranteed payment of the annuity

$R(t)$  = net return on investments at period  $t$ .

$i$  = guaranteed interest rate for period  $t$ .

The fluctuation fund will essentially be, in this way, a savings account with a nil opening value at the beginning of the distribution phase, to be credited or debited with positive or negative excess returns on reserves. Any negative transactions impacting on this fund will

also be debited from this account, particularly regular payments to the insured taken from the fluctuation fund balance, called “recognitions.”

Therefore, the insured will receive a total payment as the guaranteed amount of the annuity plus the applicable recognition if the fluctuation fund balance is positive at that moment. In the same way, the amount of the benefit will be always limited to the positive balance of the fluctuation fund.

Several types of recognition schemes have been created, since this flexibility can originate strong commercial competition and a major creative possibility. Below we will describe the basic supplementary schemes:

### 1. Monthly Basic Recognition

It is calculated according to the formula below:

$$REC(t) = FF(t) / APV(x+t)$$

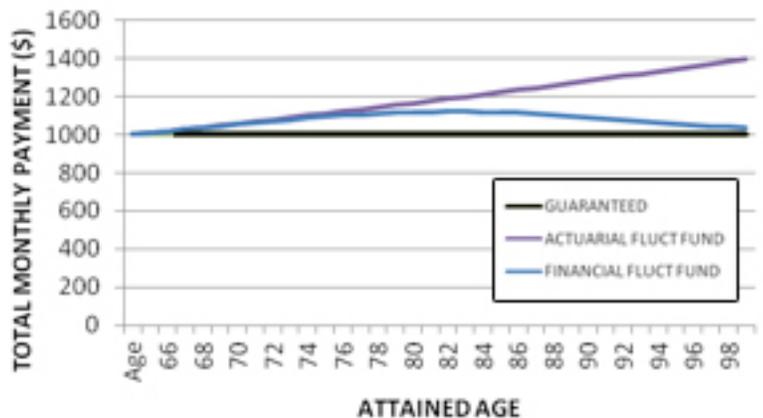
This is called the basic method as it tends to distribute the balance of the fluctuation fund during the average lifespan of the individual at the attained age. The total benefit tends to decrease after several years. The chart to the right shows a comparative evolution of payments under this scheme against the evolution of the payments under an actuarial financial fluctuation fund scheme, under an assumption of a 1 percent excess return per annum in a typical whole life annuity.

### 2. Regular Bonds

These comprise the recognition of a portion of the fluctuation fund once or twice a year.

The advantage of this scheme is that insureds are presumed not to incorporate the bond value to their monthly consumption. So, if the fluctuation fund is reduced or cancelled, the negative social impact is lighter.

### Comparative Evolution of Payments



There have been cases of bonds equitable to:

- A monthly payment once a year (similar to “13<sup>th</sup> Salary” concept)
- A percentage of the fluctuation fund on an annual or semi-annual basis (which, if high, may provide a significant benefit during the first years of the distribution phase with a high commercial effect)
- A small percentage of the fluctuation fund or a fixed amount at special times (e.g., at the start of the school year for young female pensioners).

### 3. Supplementary Amount to Reach a Benchmark

This would be equivalent to an amount that, added to the guaranteed payment, would equal an adjustment benchmark, e.g., the inflation adjustment.

### 4. Benefit for Special Needs

A percentage of the fluctuation fund balance is paid if a need actually exists, as in the case of a medical treatment. This scheme has an interesting effect since it helps offset the defect of the annuity for which no help is provided in these cases, where survival may depend on economic aid, generating more social respectability.

The technical setup of these plans should take care of several major details, as follows:

- These funds should be transferred to heirs or named beneficiaries in case of death.
- A cap may be provided for the fluctuation fund balance as a percentage of the reserve. If this value is exceeded, the difference may be used to buy an additional guaranteed annuity limiting any potential fall.
- If provided for, the use of a portion of the fluctuation fund to buy additional annuities should be either based on contractual provisions or authorized by both sides to avoid an arbitrary risk selection.
- It has also been foreseen in some products that the fluctuation fund balance be used if a change to mortality tables occurs.

### HISTORICAL ASPECTS

In 1988 the Fluctuation Fund Scheme was introduced for the accumulation phase, along with the Actuarial Fluctuation Fund Scheme.

Financial fluctuation fund schemes for single payment annuities were introduced in 1995, and they boomed in Argentina due to the huge commercial success of the first company which did business with them. They were adopted by almost all insurance companies on the market and most policies were executed under this scheme, driven by the following advantages:

- Flexibility to put together products matching the needs of different populations.
- Inheritance of the fluctuation fund, which partially offset a certain fear to a total “loss” of the premium in the case of death shortly after the purchase of an annuity.
- The possibility for insurers of offering future agreed product adjustments upon the occurrence

of unstable or inflationary periods, in the case of positive fluctuation funds.

- The possibility for insurers to manage their investments by optimizing long-term returns since short-term variations could be afforded.
- Evidence showed that prospects are more likely to attach greater importance to the product and financial background than to policy guarantees when choosing among competitors.

In our view, this was a successful experience and consideration should be given to localizing this product to other markets requiring a low guaranteed interest rate and where a significant increase of it can be foreseen for the decades to follow.

### ACKNOWLEDGEMENTS

- The Fluctuation Fund Scheme for the accumulation phase was introduced in 1988, along with the Actuarial Fluctuation Fund scheme for the Distribution Phase, by actuaries Kern, Arzoumanian and Turró.
- The Financial Fluctuation Fund scheme for the distribution phase was originally proposed in 1995 by the author of this article and developed by a working team which also included the participation of actuaries Bugallo and Arzoumanian, Lic. Bringas, Lic. Sohn and Mr. Terbeck (CPA), and a review carried out by actuary González Galé. At the same time, a similar development was done by actuary Héctor Gueler. □

### ENDNOTES

- <sup>1</sup> It should be noted that an insurer might earn a higher than guaranteed return on investment, but the net return, after deduction of investment administration fees, may be lower than guaranteed. In this case, the insurer may be completing his investment administration fees from the positive balance of the fluctuation fund. For simplicity reasons, we will call “excess return” the comparison between the net rate of return on investment and the guaranteed interest rate, either positive or negative.



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## Behind the Growth of the Chinese Life Insurance Industry

By Feng Sun

**T**he world has been amazed by the rapid growth of the Chinese economy and its life insurance market during the last couple of decades. The annual premium compound growth rate has well exceeded 20 percent since 1996. Even with a sign of slowing down in recent years, the growth rates are still positive and people still are optimistic about the future of the Chinese life insurance industry.

Investors, researchers, and analysts strive to understand this phenomenon and forecast the future of the Chinese life insurance industry. Besides the economy, capital markets, regulatory and competitive landscapes, Chinese culture is something that we cannot afford to miss when it comes to gaining insight on the growth of the Chinese life insurance industry.

### CHINESE CULTURE FACTORS

China has a long history, and the unique Chinese culture has a strong influence on people's life, their financial behavior, and further on the life insurance industry.

#### Addict To Savings

Economic theory suggests that countries experiencing strong GDP growth should see a drop in the savings rate as people are better able to predict their future incomes. China's savings rate, on the other hand, has continued to remain high regardless of its remarkable GDP growth. A popular explanation is that China's legendary savings habit is influenced by the Confucian values of thrift and frugality. Instead of consuming future personal earnings today like many other countries, Chinese people tend to spend less and save more for their future. This, for the most part, explains why the Chinese government is the largest debt holder of United States Treasuries.

When a certain income threshold is reached, Chinese people are as big spenders as they are savers. This habit of saving may change from generation to generation. However, surveys show that for the generations who are in their 20s to 50s today, this habit still dominates.

#### *Respect and Taking Care of Elders*

Old people are arguably among the happiest people in China. Respect and taking care of elders are often the basis for the way society is organized and has been at the foundation of Chinese culture and morality for thousands of years. The youngsters are expected to take care of their parents, emotionally and financially. This was, again advocated by Confucius and many Chinese families choose to follow this ancient principle.

With a low birth rate and one-child policy, China's elderly population is growing rapidly while the number of young adults is shrinking. This huge demographic shift starts to put financial pressure on the society. Even though the government steps in and the working population starts to save for their own retirement, there is no sign of changing of this tradition. This makes saving for retirement less of a concern in Chinese culture.

#### Gift/Present Giving

As in many other cultures, Chinese people have a tradition of gift giving for special events such as a birthday, wedding, promotion, or death. It is an essential part of life for Chinese to practice gift giving in social interaction in relation to their interpersonal relationship and cultural identity. However, unlike western cultures, the value of gifts has special meaning. More valuable gifts suggest more respect, higher social status and imply a better relationship. As a result, the value of a gift can

be substantial. For instance, upon death of an elder, neighbors and relatives would collect significant amount of money or gifts for survivors. Interesting enough, it is, to some extent, an origin of life insurance among a small group of people without a formal insurance contact.

With the social and economic development in China, the patterns of gift giving have undergone some changes. However, the underlying cultural values seem intact, which makes people less worried about life events such as death.

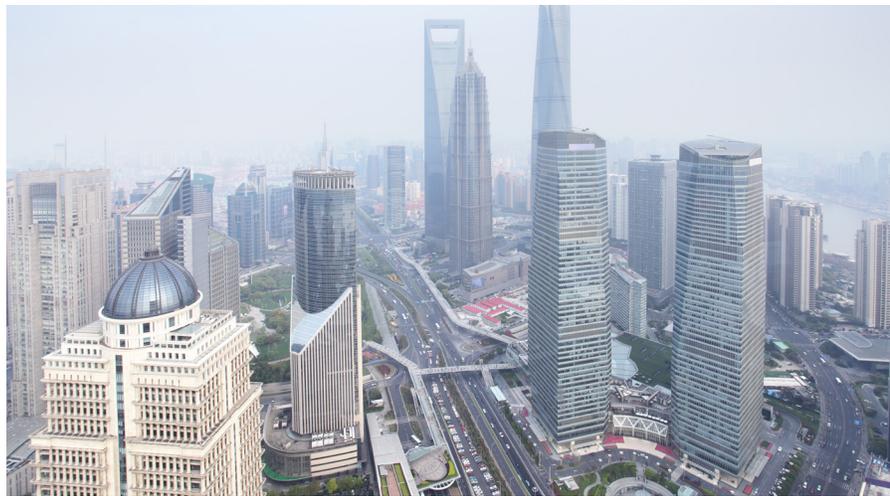
### ***Avoid Discussing Death***

Chinese culture has a particular perspective on dying and death. Death is a taboo and Chinese families will not discuss issues of death and dying for fear of invoking bad luck. In order to postpone bad luck associated with death, Chinese people will try to prolong the patient's life as long as possible, while also acknowledging that death is part of the lifespan. This, combined with gift giving, could make life products with death benefits a hard sale.

### **RAPID GROWTH IN THE PAST**

With hindsight, the rapid growth of the life insurance industry in China could mainly be attributed to the following factors:

- The rapid growth of the Chinese economy
- The habit of saving and avoiding talking about death in Chinese culture
- The credibility of banks and high compensation for both banks and agents.
- Demand for expansion of life insurance companies



As GDP grows in China, household income started to climb. Instead of increasing spending, people chose to save. Research shows that China's national savings rate is one of the highest in Asia and substantially higher than developed economies like those of the United States and the United Kingdom.

The savings habit has created a high demand for savings products. With a volatile Chinese stock market and lack of attraction of savings instruments in the capital market, savings-oriented insurance products became an alternative. This type of product usually has features like short-time, endowment-type, and minimal protection to satisfy the regulatory requirement. Protection is not the customers' main focus; it is simply a necessary ingredient to make it work as an insurance product.

In China, savings products have dominated the life insurance market. More than 70 percent of insurers' assets are tied to these products. These savings prod-

ucts are usually sold through banks for two reasons. One is that banks provide an easy access to wealthy customers. The other reason has to do with banks' brand name, or banks' credibility. In China, major banks are backed by the government, they are considered default-free, whereas insurance companies were undergoing the process of building up their reputations. People were more comfortable doing business with banks than with insurance companies directly. Essentially, insurance companies leverage banks' credibility to sell their products. Of course, they have paid the price as part of the commission.

The other driver of rapid growth is the hefty commission for captive agents, which is the case in most countries, but in a less-regulated emerging market like China, it had fostered sales, and some misleading sales as well, which caught regulators' attention later on.

Finally, as the capital market grew in China, investors saw the growth opportunity in the insurance industry. In particular, they believed as the business grew, fixed costs could be spread out and they would reap profit at a later date. The belief has led to huge premium increases.

### **SLOWING DOWN BUT STILL GROWING TODAY**

By analyzing the history, we can easily understand the recent slowdowns.

GDP is expected to grow at a slightly lower pace—around 7 to 8 percent—which sets a tone for the growth rate of the life insurance industry. Households may spend less money on insurance.

Little by little, the culture is starting to change. Well-educated people are starting to realize that protection is more important than savings, and that they cannot depend on their offspring for retirement. We see protection products (such as critical illness) and retirement products (such as annuities) starting to grow in

sales. However, switching from saving to protection (including basic life insurance) is a big step and it takes time.

From the insurers' perspective, savings products become less interesting because the products are homogeneous and easy to replicate. Vicious competition has led to price wars, which reduces the profits for insurers and increases their earnings volatility.

In addition, as insurers become financially strong, they have developed their reputation and credibility. As a result, they no longer need to pay banks hefty fees for support to sell their products. Therefore, insurers start to deemphasize bancassurance with the risk of losing their ability to access wealthy customers.

In the last few years, we have started to see some large insurers in China move away from the bank channel, instead switching their attention to protection products. To gain access to banks' customers, some insurers began to acquire banks and start joint-venture with banks.

Captive agents' compensation has not increased in more than five years. The agents are not as motivated as before, which leads to slow growth today.

### **WHAT TO EXPECT IN THE FUTURE**

To form an opinion on the future of the life insurance industry in China, we need to take a look at every aspect that could potentially impact this industry.

- **Regulators**

Chinese regulators are open to new ideas. They realized that insurance is a supplement to social security. As a result, they started to educate the public, promote protection-related products, and rethink reserve and capital requirements. They also raised the qualification standard for agents. These changes will lead the Chinese life insurance industry to the right track.

- Government and tax authorities

The government also sees the benefits of private insurance, as it starts to bring in tax benefits for policyholders. The tests have started in certain areas and on a small scale, such as tax deferral for retirement savings. This would be a key driver of growth of the life insurance industry if there are tax advantages in place for insurance products.

- Customers

As the number of policyholders is constantly increasing and with more interaction between agents and customers, the public will become well educated, and as the culture may change, we expect to balance the demands between savings and protection.

- Products

If government, tax authorities and regulators move forward as expected, we would expect to see more products with a variety of insurance coverage, especially in life, medical/health, and pension areas. Savings products may still be in demand, but more retirement-oriented because of the fast aging population in China.

- Distribution Channels

Bancassurance, as a main premium income source today, will continue to shrink unless there is some major development of cooperation between the business models of banks and insurers.

We would expect to see more agents, brokers and sales intermediaries in the future. As products become complex, interactions between agents and customers are expected to be more frequent and intensive. As the market becomes educated, the sales force should

change accordingly. We should expect to see growth in the agency channel.

Telemarketing and Internet sales have gotten insurers' attention in the last few years due to lower costs. However, most products sold through these distribution channels were return-of-premium products with an A&H rider or low face amount, pure protection products. These channels work well for customers who bought insurance products previously or understood the products and know their needs. The telemarketing channel is still small, with a success rate of 0.5 percent for 2012 in China based on a survey conducted by Swiss Re. The key difference between internet sales and agency sales is that one is to attract motivated customers, and the other is to motivate or persuade potential customers. The latter is more important and fundamental, and it can be difficult to conduct over the internet. We would expect to see a somewhat rapid growth in this area as there are still a large number of motivated customers in China. However, unless an interaction mechanism can be developed over the internet to motivate potential customers, and underwriting can be simplified at the same time, we would not expect to see this distribution channel replace any other, but rather be a supplement.

Looking forward, we expect that the slower growth will continue for quite some time. As the influence of ancient culture becomes less of a concern, and the accelerated emergence of the middle class and urbanization, and as customers become more educated and have strong needs for protection, protection-related products will dominate the market.

As Chinese capital markets become mature, consistent and reasonable government taxation policies and regulatory requirements, as well as well-educated Chinese people and more experienced insurers, we can expect a bright future for the life insurance industry. Until then, there might be a number of painful steps the industry has to go through. □



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## International Pension Plans versus Pan European Plans

By Mark Colton

**M**ultinational employers may hear about both international pension plans (IPPs) and pan European plans as possible solutions for many benefit problems. These are two very different savings vehicles, but when is one more appropriate than the other?

An IPP may be described as a pension plan established in an international finance centre, which is the home country of neither the employer nor the employees, to provide benefits for the international staff of a multinational group. For example, a U.K. multinational company might establish an IPP in Guernsey to provide retirement benefits for its international staff working in Africa or Asia. In contrast, a pan European plan is intended to provide a single pension plan for all of an employer's European employees. Several countries (such as Belgium, Ireland, and Luxembourg) have established entities to encourage pan European plans.

IPPs have been around for many years, with well over 500 now in existence. Pan European plans are a more recent development—there are just over 80 now in existence based on recent information from the European Insurance and Occupational Pensions Authority (EIOPA). However, a more in depth analysis of EIOPA's report suggests that pan European plans have had a very limited appeal so far. The report shows that about half of the existing plans cover only employees in the United Kingdom and Ireland via the other country, with only about 15 percent of the plans covering two or more countries.

IPPs and Pan European plans share many similarities. Both types of plans can be a tax effective way to accumulate retirement benefits in a single pot separate from the employer. This enhances security for employees while allowing employers to benefit from economies of scale. Plan rules can be flexible to

allow separate benefit structures for different groups of employees (for example, based on where they are working). Both can provide a range of investment options and can include risk benefits. However, there are some key distinctions between IPPs and pan European plans. The primary differences are outlined in the following sections.

### WHICH RULES APPLY?

Pan European plans are subject to the funding and governance rules where they are set up, PLUS they are also subject to social laws (and potentially works council negotiations) in each covered country. IPPs are only subject to the rules of the international finance centre where they are established. Since there is only one jurisdiction involved, IPPs can generally be implemented much more quickly.

### TAXATION

In exchange for the relative difficulty in implementing a pan European plan, the employer and members should enjoy the same tax benefits as they would from the local occupational retirement plan that is replaced. The tax circumstances of an IPP may not be so straight forward. Investment income and capital gains for IPP assets, as well as distributions to members, should not be subject to taxation where the plan is established. Employers can typically deduct contributions to IPPs as an employment expense. However, in some countries contributions may be immediately taxable as additional income to the member depending on their individual tax circumstances. The position of benefit payments will depend upon where the member is tax resident at that time.

### COST EFFECTIVE SIZE

Due to the often complex compliance requirements, pan European plans have been most cost effective for larger employers with significant numbers of employees in the covered countries. Master trust or

“International pension plans and pan European plans can and should complement each other in a well designed benefits programme.”

contract based IPPs can be cost effective for smaller employers, or for larger employers covering only a small number of employees.

**FUNDING**

Under EU rules, pan European plans must generally be fully funded at all times, and there may be additional solvency margin requirements. Funding rules for IPPs tend to be very flexible to allow employers to fund benefits in a prudent manner. For example, it may be more tax effective to NOT fund benefits for certain IPP members depending on individual tax circumstances.

**GEOGRAPHIC COVERAGE**

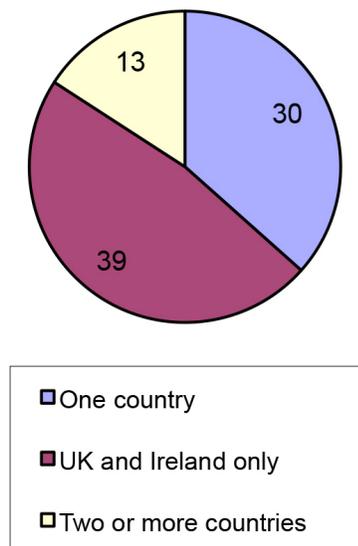
While a pan European plan may be able to cover employees working outside of Europe under some circumstances, its primary function is to provide pension cover for employees working in European countries. An IPP can be thought of as a pan global plan. Current IPPs cover employees working in a wide variety of countries all over the world. While they have traditionally been plans for expatriates and globally mobile employees, many IPPs are also used to cover local staff where there are no suitable local options.

**PURPOSE OF PLAN**

According to the EU, pan European plans are Institutions for Occupational Retirement Provision (IORPs). In other words, they are intended to provide occupational retirement benefits. While an IPP can be (and usually is) set up as an occupational pension plan, some employers prefer to use them to give employees access to a savings vehicle for shorter time horizons.

	PAN EUROPEAN PLAN	INTERNATIONAL PENSION PLAN
Which rules apply?	Funding and governance rules where set up; social laws in each country covered	Rules of IFC where established
Taxation	Should have same tax benefits as local occupational retirement plans for each covered country	Investment gains and distributions not subject to tax where plan set up; employer contributions typically deductible; contributions may be taxable income to members; taxation of distributions depends on rules where distribution taken
Cost effective size	Typically, more cost effective for multinational employers with large number of employees covered	Can be cost effective for just a few members
Funding	Benefits must generally be fully funded, with possible additional solvency requirements	Flexible to allow funding in prudent manner
Geographic coverage	Primarily intended for European countries	International
Purpose of plan	Occupational retirement benefits	Retirement or savings plan

### IORP Coverage



Source: EIOPA 2013 Report on market developments in cross-border IORPs (July 2013)

### CONCLUSION

Both pan European plans and IPPs will be increasingly important weapons in the armoury of the human resources director in meeting the employment needs of a global workforce. While the initiatives of the European Union in encouraging cross border and pan-European pension provision are to be commended, the practical complications in establishing such plans have resulted in a relatively small number being established. Additionally, most multinational companies do not confine their operations to European Union countries, and so the availability of pan European plans does not negate the need for IPPs. Even if pan European plans continue to develop, they will not provide a complete solution for most multinational groups, as their activities will extend beyond the EU boundaries. International pension plans and pan European plans can and should complement each other in a well designed benefits programme. □



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## AMBASSADOR'S CORNER

# Argentinean Strategic Plan for the Insurance Industry

*Presentation at the School of Economic Sciences of the University of Buenos Aires*

*By Javier Campelo*

On October 17, 2013, the “Day of reflection and evaluation of insurance in Argentina” was held at the School of Economic Sciences at the University of Buenos Aires (FCE-UBA) with the objective of summarizing the progress achieved one year after the formal launch of the National Strategic Plan for the Insurance Industry (PlaNeS 2012-2020) by the Argentine President, Cristina Fernández de Kirchner.

The day began with speeches by the superintendent and vice superintendent of insurance, Juan Bontempo and Santiago Fraschina, as well as the dean of the FCE-UBA, Professor Alberto Barbieri. The audience of more than one thousand attendees included the authorities of all insurance chambers and industry trade bodies that are actively participating in PlaNeS. The event continued with a series of simultaneous presentations held in the classrooms of the FCE-UBA. The purpose was to expand on the specific management results and share the individual goals achieved during the past year.



PlaNeS is driven by the National Regulatory Body of Insurance (SSN), through the leadership of the superintendent, the vice superintendent and the PlaNeS'

director, Isidoro Felcman; with the invaluable support of the Ministry of Economy and Public Finance. The main objective of the plan is to design the best strategic policies for facilitating growth and development of the industry throughout the next decade.



“In 2012 there were just ideas and now—one year later—we have already launched more than one hundred projects which reinforce the work dynamics that we have defined” Bontempo remarked in his speech. After analyzing the available data from this last year, the results reflect the great news that PlaNeS is currently meeting the vast majority of its objectives. One of the main objectives of PlaNeS is to increase the annual premium income in Argentina, growing the insurance penetration rate. This has increased in two years from 2.7 percent of the national GDP in June 2011 to 3.3 percent in June 2013, largely due to the different policies that have been implemented by the National Regulatory Body.

Javier Campelo, the Society of Actuaries' Ambassador for Argentina and Regional Ambassador Coordinator for Latin America and the Caribbean is heavily involved in PlaNeS as Consultant Actuary to the project and has been participating in the quantitative models used to determine the growth of the industry as well as how all the relevant variables will evolve from 2012 to 2020, according to the different strategic policies that have been and will be undertaken. □



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## 16th Global Conference Of Actuaries

By Akshay Pandit

**T**he 16th annual Global Conference of Actuaries (GCA) was a two-day affair held at the Hotel Renaissance in Mumbai, India on February 17–18 2014. The theme of the conference this year was “Evolving Frontiers, Exciting Prospects.” The GCA is a major event attracting stakeholders from the insurance and financial sectors, including both actuaries and non-actuaries. It has become a truly global event with more than 750 professionals from across the globe participating. Delegates representing the United Kingdom, United States, Singapore, Australia, China, Germany and many other countries participated in different capacities such as chairpersons, speakers and delegates. There were ample networking opportunities and much sharing of knowledge for the two days. The GCA Committee chaired by Mr. Dilip Chackrobarty, along with the entire staff of the Institute of Actuaries of India had worked for more than six months towards the grand success of this event.

The U.K. Institute and Faculty of Actuaries sponsored a pre-conference dinner. President David Hare gave a speech on the scope for actuaries in the future, their qualifications and the role of the Institute. He also presented awards to those who had completed their fellowship last year from India. This was combined with honouring of past presidents of the Institute of Actuaries of India who had contributed to the development of the actuarial profession and were aged more than 75 years. One of the past presidents, Mr. M.G. Diwan, gave a small speech on the occasion of the birth centenary of Mr. Randive, who was an actuary with Life Insurance Corporation of India (LIC) and had contributed to laying down the foundation of the actuarial practices of LIC, including the equitable treatment of policy holders of over 240 life insurance companies, whose business was taken over by LIC. He led the team that installed the first computer system in LIC. In his speech, while honouring past presidents, Mr. Vijayan referred to the contribution of

actuaries to LIC and also alluded to the role played by Mr. Diwan in strengthening IT after Mr. Randive. The evening’s entertainment also included a magic show.

The main conference started the morning of February 17, with delegates meeting old colleagues and visiting stalls of sponsors in the corridor outside the meeting rooms. The sponsors made the conference lively by sharing information on the history, culture, and current activities of their organizations. They also attracted people with lucky draw prizes and some mind-tickling quiz games.

At 9 a.m. sharp, the GCA was inaugurated by Mr. T.S.Vijayan, chairperson of the Insurance Regulatory and Development Authority. The conference was full of various interactive sessions: plenary sessions & concurrent sessions on general insurance, life insurance, pensions and employee benefits, health care insurance, bancassurance, and a variety of other topics.

During the inaugural session, Mr. Dilip Chakrobarty, chairperson of the 16<sup>th</sup> GCA Organizing Group, welcomed the elite gathering of about 750 delegates, including around 150 fellow members, 50 associate members and more than 50 delegates from the United Kingdom, Singapore, Australia, China, Germany, Indonesia, Ireland and the Philippines. While setting the stage for upcoming thought-provoking ideas and discussions around the theme of the conference, he pointed out that rapid globalisation and expansion have laid bare myriad opportunities and we as actuaries have an important role to play in tapping the same. Mr. T S Vijayan spoke in his key note address on the increasing demand for actuaries from insurance and other industries, given their specialty in areas of risk identification, risk mitigation, long-term forecasting, asset and portfolio management and the glaring resource crunch in the industry. He stressed that talent development in the actuarial profession needs to keep

“The conference provided an excellent comprehensive and international overview of the insurance, pension, and finance sectors.”

pace with demand and suggested increased publicity of the profession as one measure to attract talent. He also emphasized the need for coordination between actuaries and other stakeholders, and urged the actuaries in the room to stay committed to public interest in insurance product development and sales and not be swayed by short-term profit-making goals.

The plenary sessions concentrated on current hot topics and problems faced by the industry. Speakers like Mr. D.K. Pandit who spoke on pensions, drawing upon his experience of more than 40 years and Mr. David Hare, president of the U.K. Institute and Faculty of Actuaries, who noted that the most important attributes that an actuary should possess in the current environment are being relevant to the people to whom the actuary is giving advice, being able to update oneself, and being willing to choose integrity over career prospects if situations arise.

Post lunch sessions were divided into several concurrent sessions, discussing topics like the appointed actuary's role in the Indian insurance market, asset liability modelling, critical illness, and general insurance reserving. Speakers with expertise in a relevant field gave their views while leaving enough time for participants to clarify their doubts. This made the sessions very interactive. The concurrent sessions were followed by an IAI student event at the end of the day. The event was chaired by Mr. G.L.N. Sarma, managing director, Hannover Re Consulting Services India. The agenda of the event was twofold: to provide information on the new Certified Actuarial Analyst qualification offered by the IFoA, and to discuss effective communication skills.

The eagerly anticipated Actuarial Gala Function and Awards were held that evening, jointly sponsored by M/S. K. A. Pandit, Consultants and Actuaries and Canara HSBC Insurance Company. This was



*Honouring Mr. M.G. Diwan, past president of the Institute of Actuaries of India.*

a two and half hour cultural-cum-award ceremony programme which started with a welcome dance, followed by a short speech by Shri N. K. Parikh on the scope of the actuarial field. He mentioned the formation of the Actuarial Society of India in 1944, and his being a signatory to their Memorandum and Articles of Association when the society was registered later. This was followed by a hilarious standup comedy show and more dances. Mr. John Holden, CEO, HSBC Canara, gave a short speech before the award ceremony. Awards were given to the students who qualified as fellows and associates, and also to those who obtained the highest marks in relevant actuarial papers of the examinations held by the Institute of Actuaries of India. Another attraction was the performance by math stars, where 30 students younger than 16 from the Municipal School of Mumbai were selected as



*Welcome dance at the Actuarial Gala Function*

under-privileged children and given a math quiz to be solved in 25 minutes, and to write in 30 words about “A Memorable Episode in my Mathematics Teacher’s Class.” The program ended with a tasty dinner for all participants.

The second day started with plenary sessions in which the need for coordination between the actuarial and accounting professions was stressed, followed by plenty of interesting concurrent sessions for the remainder of the day. The concurrent sessions covering various subjects such as health products and solutions, global pension reforms, developing investment strategies, catastrophe bonds, and weather index insurance.

In all, the conference provided an excellent comprehensive and international overview of the insurance, pension, and finance sectors. It provided opportunity for new business, business expansion, getting clarity on studies and clearing doubts, meeting old friends and much more to enlighten participants and provide them with a fresh perspective. The ever increasing participation and global presence proves the accruing benefits of the event. □



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## Living to 100 Symposium V

By Timothy F. Harris

Living to 100 Symposium V was held January 8-10, 2014 at the Walt Disney World Swan Resort in Orlando, USA, presented by more than 40 international participating organizations. The symposia bring together thought leaders from around the world to discuss the increasing longevity of humans and its impact on social, financial, health care and retirement systems.

Whether you're an actuary, gerontologist, demographer, economist, physician, scientist, other professional, or just an interested person, this symposium offered an opportunity to discuss aging topics and gather information to help you estimate advanced age mortality and mortality improvement rates to:

- design, price, value and manage financial security products
- develop national life tables
- assess the state of government social insurance programs and private pension plans
- ensure the availability of health care providers and health care facilities for the aged
- project the resources, products, and services needed for and used by an aging population
- provide valuable information for retirement and financial planning

Content for the 2014 Living to 100 Symposium, the fifth in the series, was expanded to include more topics than ever before related to future life expectancy and the implications of the growing senior populations. The symposium included prominent featured speakers—James Vaupel, Nir Barzilai and Anthony Atala—who provided insight into what the future may hold for life expectancy. Other equally distinguished



speakers presented information from sessions on topics including:

- lifestyle and longevity
- marriage and old age mortality
- cognitive impairment and longevity
- drivers of longevity
- societal challenges and adaptations as a result of a longer lifespan
- innovative business solutions in response to the aging population
- mortality trends and projections of older age

Later this year a monograph of all of the presented papers will be available at 2014 International Living to 100 Symposium.

This year's Symposium attendees included representatives from 15 different countries:

Bermuda
Canada
Chile
Estonia
France
Germany
Ireland
Israel
Netherlands
Japan
South Africa
Switzerland
Taiwan
United Kingdom
United States

Possibly the most prominent of the international attendees was James W. Vaupel from Germany. Vaupel is the executive (and founding) director of the Max Planck Institute for Demographic Research, Rostock. He is a scientific member of the Max Planck Society for the Advancement of Science, the German Academy of Sciences Leopoldina and regular scientific member of the U.S. National Academy of Sciences. He is also a fellow of the American Academy of Arts and Sciences.

Dr. Vaupel led the first general session with his presentation on improvements of life expectancy. He discussed the trend of how 2.5 years are gained per decade, which may lead to a larger number of today's

younger generations reaching 100 years of age. Over the next forty years, life expectancy will reach to a hundred years or more, but it is difficult to know beyond the next few decades the extent of human mortality.

Some of the other international presenters included:

#### **MATTHIAS BÖRGER**

Matthias Börger is a consultant at the *Institut für Finanz- und Aktuarwissenschaften (ifa)*, an actuarial consulting firm based in Ulm, Germany.

Dr. Börger presented a paper on Projecting Mortality Improvements – On Cohort Effects, Coherence, and the Continuation of Life Expectancy Trends.

#### **FRANCO PERACCHI**

Professor of Economics at Tor Vergata University, Dr. Peracchi is also a fellow of the Einaudi Institute for Economics and Finance (EIEF), in Rome, Italy.

Dr. Peracchi along with Valerie Perotti of The World Bank presented a paper on Subjective survival probabilities and life tables: Evidence from Europe.

#### **EMILY CLAY**

Emily Clay is with the Demographic Analysis Unit Office for National Statistics.

Emily presented a paper on Modal age at death: mortality trends in England and Wales 1841–2010

#### **CHING-SYANG JACK YUE, PH.D., ASA**

Dr. Yue is a professor in the Statistics Department at the College of Commerce of the National Chengchi University.

Dr. Yue presented A Study of Measuring the Mortality Compression.

“The symposium offered an opportunity to discuss aging topics and gather information to help you estimate advanced age mortality and mortality improvement rates.”

Other International Participants:

- Causes-of-Death Mortality: What Do We Know about Their Dependence? Presented by Severine Gaille, assistant professor of actuarial science at the University of Lausanne and Michael Sherris, professor of actuarial studies at the University of South Wales.
- Adrian Gallop, actuary in the Government Actuary’s Department, United Kingdom presented in a panel on Mortality Projections from a Social Security Perspective.
- Wai Sum-Chan, professor of finance at the Chinese University of Hong Kong, Johnny Siu-Hang Li, University of Waterloo, and Jackie Li, Nanyang Technological University authored the paper on The CBD Mortality Indexes: Modeling and Applications.
- Mortality, Health and Marriage: A Study Based on Taiwan’s Population Data, Presented by Hsin-Chung Wang, assistant professor in the Department of Statistics and Actuarial Science at Aletheia University and Jack C. Yue, (see above) of the National Chengchi University
- Which Socio-Demographic Living Arrangement Helps to Reach 100? Presented by Michael Poulain, emeritus professor at *Université Catholique de Louvain Louvain-la-Neuve*, Belgium also an associated researcher, at the Estonian Institute for Population Studies of Tallinn University and Anne Herm, researcher at the *Université Catholique de Louvain, Louvain-la-Neuve*, Belgium also a doctorate student at Tallinn University, Estonia.

Additional information on the presenters and papers described above can be found on the Living to 100 website. As previously mentioned, the complete papers will be available later this year in a monograph available at that site. □

## The 23rd Annual Conference of the Caribbean Actuarial Association (CAA)

*Prepared by the CAA Secretariat*

Our 23rd Annual Conference was an event worth remembering on many fronts. Taking place in Montego Bay on Jamaica's North coast, the conference blended lively social activities with excellent professional content.

As has become customary the Professionalism Course, conducted this year by the Society of Actuaries, was held prior to the commencement of the conference. This was followed by a discussion on the development of interest rate term structure led by the Life Insurance Committee co-chairs Marcia Tam-Marks and Simone Braithwaite. The day closed with a meeting of the Advisory Council at which the chairs of the various practice committees presented progress reports on the development of their respective standards.

The conference was officially opened by President Neil Dingwall, followed by the keynote speaker, Richard Byles, president and CEO of Sagicor Life Jamaica. Mr. Byles gave a very engaging presentation

on the many challenges faced by the Jamaican economy and potential growth opportunities that exist.

Under the theme Risk, Recovery and Real Growth, our local Organising Committee outdid themselves in assembling an impressive array of speakers and presenters. A wide range of informative and thought provoking topics were presented, including sessions on Finding New Opportunities with Predictive Analytics, Healthcare in Jamaica: Challenges and Possible Solutions and Life after NDX.

Our most popular session appears to have been Non-traditional Actuarial Roles run by Jacques LaFrance, Mike McLaughlin and Carrington Hartley. They addressed the minimal growth in traditional areas such as insurance and pension plans and explored possibilities in investment, the banking sector, enterprise risk management outside the insurance industry, predictive modelling and technology.

The highlight of the conference may well have been the Presidents' Panel as, according to some of our older members, we have never before had so many international presidents present at one of our conferences. Those present included Mark Freedman and Mike McLaughlin, president and past president of the Society of Actuaries; Jacques LaFrance and Jacques Tremblay, president and president-elect of the Canadian Institute of Actuaries; Cecil Bykerk and Dave Sandberg, both past presidents of the American Academy of Actuaries; Wayne Fisher, president of the Casualty Actuarial Society; Nick Dumbreck, past president of the Institute and Faculty of Actuaries; Stafford Thompson, past president of the International Association of Black Actuaries and David Congram, member of the Executive Committee of the International Actuarial Association.



*The Presidents, left to right: Charles 1999-2001, Lisa 2013-2015, Neil 2011-2013, Derek 2005-2007, Daisy 1991-1997, Robyn 2003-2005, Astor 2001-2003, Cathy 2009-2011, St. Elmo 2007-2009, Michelle 1997-1999*

Also noteworthy was the fact that all nine past CAA presidents were in attendance, representing the twenty-two years of our existence.

Daisy McFarlane Coke, who served as our founding president from 1991 to 1997, and Franz Alcindor; both founding members of the association who remain active members even today; were given special recognition for their long service and dedication to the Caribbean Actuarial Association and were presented with handmade commemorative plates.

The business part of the conference ended as usual with our Annual General Meeting. At this year's meeting, members voted to amend the Constitution. Amendments included making associate members eligible to run for all offices except president-elect and vice president and that the combined secretary/treasurer function would be separated into two separate offices. This being an election year, a new council was voted in. This comprises Lisa Wade, president; Marcus Bosland, president-elect; Neil Dingwall, immediate past president; Janet Sharp, vice president; Leah Major, secretary; Bertha Pilgrim, treasurer; Ravi Rambarran and Cathy Allen, council members and Pedro Medford, student representative.

The conference was by no means all work and no play as each evening we were treated in true Caribbean style to sumptuous food and live entertainment on the beach-front under the stars. Wednesday evening we listened to the cool tones of saxophonist Verlando Small then things heated up on Thursday night with Becky Depass' band. At Friday's Gala on the beach we had humour from top Jamaican comedy duo Ity and Fancy Cat then were treated to the sounds of popular singer Tammi Chynn. A great ending to a great conference!

Of course none of this would have been possible without our sponsors: Eckler, the Central Bank of Trinidad and Tobago, Morneau Shepell, Oliver

Wyman, Guardian Holdings, Sagicor Life Inc. and Sagicor Life Jamaica, IRM, Munich Re, GGY/Axis, Colina Insurance, KPMG, Swiss Re, Duggan Consulting, Advantage General, Atrius Life Insurance Co., CD Bykerk Consulting, Deloitte, RBC Insurance, Scotia Insurance, the Financial Services Commission, J. Wray and Nephew Ltd., McLaughlin Glazeware, the Jamaica Hotel and Tourist Association and the Jamaica Tourist Board.

Presentations from the 2013 and previous Conferences may be viewed on our website at [www.caa.com.bb](http://www.caa.com.bb).

We hope that you will join us at the 2014 Conference which will take place from Wednesday, December 3rd to Friday, December 5th at the Hilton Barbados. Details will be provided on our website as they become available.

*Betty Sullivan Black, Administrator*

*[caa.secretariat@gmail.com](mailto:caa.secretariat@gmail.com)*



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**Terry Long, FSA, MAAA**, is senior VP and consulting actuary at Lewis & Ellis, Inc. in Overland Park, Kan. He can be reached at [tlong@lewisellis.com](mailto:tlong@lewisellis.com).

## What Is the Professional Development Committee and What's in It for You?

By Beth Grice, Terry Long and Judy Powills

The Professional Development Committee's Top 10 Facts:

10. Otherwise known as the PDC, the Professional Development Committee is an SOA board of directors appointed committee.
9. The PDC was formed in 2009.
8. The PDC has overall responsibility for managing the development of the professional development (PD) curriculum (the content, method of delivery and resources provided to facilitate learning) reflecting the SOA's competency framework.
7. The PDC is charged with providing the highest quality learning experiences.
6. The PDC ensures that the PD program is focused on both current and forward-looking technical and non-technical content (state of the art).
5. The PDC ensures that the PD program makes use of instructional technologies to assure timeliness of, and broad access to (globally accessible), relevant and engaging programming.
4. The PDC fosters career-long learning.
3. The PDC is charged with ensuring that the SOA's PD program meets the needs of the profession and is aligned with the SOA strategic plan.
2. The PDC represents the SOA's constituencies including Canadian and international.

And No. 1 ...

The PDC represents you and your PD needs!

Approximately 75 percent of content developed for, and delivered to, SOA members comes from you—the sections! The sections and volunteers play vital roles in the planning, development and delivery of the SOA PD program. 2014 looks to be an exciting year for section-sponsored PD offerings—section plans reflect an array of offerings targeted to member needs—meeting sessions, seminars, webcasts, podcasts and more. Congratulations to the sections!

If 75 percent of content comes from the sections, where does the rest of the SOA's PD programming come from? The SOA partners with other organizations, actuarial and non-actuarial. The SOA also enters into strategic alliances with other organizations. The PDC is responsible for considering these strategic alliances. For example, if an organization is interested in delivering a seminar, it is required to submit a strategic alliance form to the PDC. The PDC has the responsibility and authority to evaluate the proposals and make a decision as to the appropriateness of the relationship. The PDC also looks to SOA staff to set goals in support of the PDC's initiatives to develop and deliver quality curriculum to meet members' PD needs and support lifelong learning. Remember that the prequalification curriculum with new additions is available to the PD audience, too.

Learning technologies are rapidly changing. The PDC evaluates and makes recommendations for the adoption of new technologies to apply to PD programs—the best in webcasting, virtual sessions and podcasting. And, our e-Learning portfolio continues to expand, offering more for members' technical and non-technical knowledge and skill development.

In addition to overseeing the PD program for members, the PDC sets priorities on an annual basis to provide a comprehensive, progressive curriculum to



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meet upcoming needs. 2014 priorities include building/enhancing PD offerings for pension actuaries and actuaries internationally, offering more in the areas of business analytics and general insurance, conducting market research to better understand member needs and gaps, and letting you know about offerings and tools available. Did you know, for example, that you can purchase a group of business and communication skills e-courses from BizLibrary: <http://www.soa.org/bizlibrary/>? Do you know about Tools for Actuaries: <http://toolsforactuaries.org/>? Check it out to find tools relevant to your development including books, e-books and training opportunities.

The PDC is a resource for you. Current PDC members representing the sections are:

- Beth Grice (PDC chair)—Health and Long Term Care Insurance Sections and liaison to the Health Meeting: [bgrice@humana.com](mailto:bgrice@humana.com)
- Peter Hayes—Pension and Social Insurance Sections: [phayes@eckler.ca](mailto:phayes@eckler.ca)
- Donald Krouse—Investment and Joint Risk Management Sections and liaison to the Investment Symposium and ERM Symposium: [dkrouse@aegonusa.com](mailto:dkrouse@aegonusa.com)
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The other PDC members are Jennie McGinnis (board partner), Lorne Schinbein (Education Executive Group curriculum chair), Genghui Wu (international constituency), Mike Boot (SOA managing director—Sections & Practice Advancement) and Judy Powills (SOA senior director of Curriculum and Content Development). PDC members are also assigned to board-appointed teams including the Issues Advisory Committee, the International Committee and the Transfer Knowledge Team.

The PDC wishes to thank the sections for their contributions. Feel free to call upon us as your sounding boards for your ideas about PD content and delivery! □



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