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## **Perspectives From A Globetrotting Actuary**

By: Mike Sze

International actuarial consulting is bringing first world actuarial practices to the four corners of the earth and applying them according to the needs of individual recipient countries.

### **How I Got Started**

By luck! I retired from pension consulting in 1996, and subsequently from teaching at the University of Michigan in 1998. A non-government organization (NGO) got wind that I had time and called:

- "Mike, would you be interested in providing two weeks of actuarial training in Kazakhstan?"
- "Where is Kazakhstan? Is it safe?"
- "It is the ninth largest country in the world area-wise, next to Xinjiang in China, on the ancient Silk Road. And yes, it is safe."
- "Okay, I'll go, if I can go through China and the Silk Road."

The NGO agreed. I went through China to Almaty, the former capital and largest city of Kazakhstan. I was totally impressed with the city, the culture, the snow-capped mountains in its backyard, and, most of all, my actuarial students. They were smart, friendly, hardworking, motivated. Thanks to USAID funding, my two weeks turned into seven years! From 1999 to 2006, I was to return to Kazakhstan to teach an actuarial training program I designed, about twice a year, three weeks each time, for the next seven years.

Concurrent with my training project in Kazakhstan, I accepted consulting and training assignments in Bhutan, Bulgaria, Egypt, India, China, Serbia, and Indonesia.

### **What It Takes**

You need to be flexible and always expect the unexpected. Every country and its people present different challenges, with their own constraints and preferences. A consultant may have done his/her homework well – having made a thorough study of the country, its geography, economics, population, and the topics related to the assignment. However, be prepared for unexpected requests.

### **The Biggest Challenge**

Politics is easily the biggest challenge. Many of the NGOs are profit-oriented.

Many donors have the intention of using foreign aid to buy influence in the donee country. As such, they are keen on 'success stories,' rather than actual benefits to the countries receiving the aid.

Some recipient countries have a different political agenda too. They may be more interested in receiving financial help and going on 'study tours' than the actual acquisition of knowledge and technology. Where the political agenda runs in conflict with the consultant's better judgment, the consultant has the difficult choice of maintaining professional integrity and walking away from an assignment, or compromising his principles in order to maintain a good working relationship with all concerned.

### **The Kazakhstan 'Success Story' (No Tongue In Cheek)**

Kazakhstan is a rapidly developing country. Since the early '90s, the country has embraced a market economy. To develop a market economy, it needed to develop pension and insurance systems. To develop pension and insurance systems, actuaries were needed. Up until the late '90s, there were no actuaries in Kazakhstan. Actuaries were needed urgently.

While I was in Kazakhstan during my initial mission in November 1999, there were discussions of introducing legislation requiring actuarial certification of all insurance reports by 2002. A rigorous schedule to produce qualified actuaries was in order. Knowing that it was impossible to produce fully qualified actuaries according to international standards in two years, we made the compromise of establishing interim actuarial qualifications with a requirement for successive improvement until international standards were reached in future years.

Six courses were designed covering areas including basic actuarial mathematics and application of actuarial mathematics to insurance, pensions, and investments. Candidates passing the first two courses would be certified as qualified actuaries. However, their licence would be subject to renewal every three years until they had passed all six courses.

### **Very Intensive**

Each course was very intensive, taught over three six-day weeks. There were two lectures in the morning each day, with a tutorial and a test each afternoon. The first time Course 1 was offered in 2000, 40 students signed up. All students had strong mathematical backgrounds. Some had PhD degrees in mathematics or other sciences.

Because employers were not aware of the difficulty of the program, they were reluctant to provide study time. The students generally had to take the course the whole day and return to their office to work their daytime job afterwards.

At the first test, two students passed out of 40. At the second test, the same two students passed. You would expect most of the class would not show up after that. Not so, for these are actuarial students in Kazakhstan. Thirty-eight students stayed to the end. Their scores gradually improved. Thirty-eight students took the final examination. Fourteen passed. The same students went on to Course 2, with a similar degree of success. By 2001, 14 candidates received their licences.

At present, there are more than 70 actuaries in Kazakhstan who have passed the first two exams, and 17 have passed all six examinations. They are all well-respected in Kazakhstan. All of them have had job advancements in the last few years.

Even though the actuarial program in Kazakhstan is not completely up to international standards yet, the dedication and hard work of the actuaries in Kazakhstan will eventually raise it to that level. ■

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