

April-June 2015

# **i**nsurance

## PHILIPPINES

*30 Years*

DEDICATED TO THE GROWTH OF THE PHILIPPINE INSURANCE INDUSTRY

# THE BEST IS YET TO COME

Strengthening the local insurance market is such a great challenge. There is no denying that the industry has already covered a lot of grounds but this is just the beginning of the journey.

Challenges For Insurers

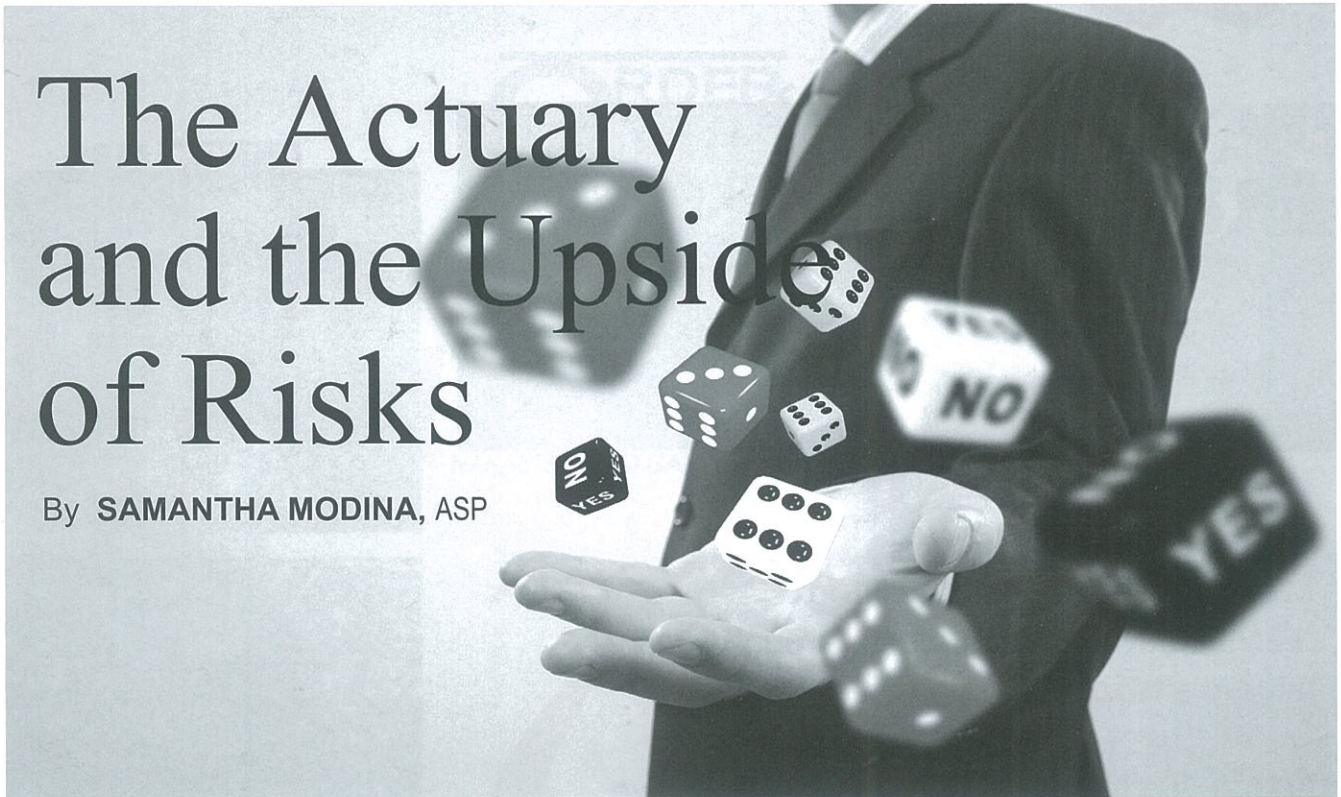
The Actuary And The Upside Of Risks

Women At The Helm

Losing A Champion Of The Microinsurance Cause

# The Actuary and the Upside of Risks

By SAMANTHA MODINA, ASP



**R**enowned *New York Times* journalist Thomas L. Friedman once wrote that, “Pessimists are usually right and optimists are usually wrong but all the great changes have been accomplished by optimists.” That quotation comes to my mind when one gets deeper into conversation with Romeo Abada, an actuary and the current President of the Actuarial Society of the Philippines (ASP).

As impending changes in the financial services world loom, Romeo sees an opportunity for the industry and the country to level up to world class standards. It may appear as a tall order for the current leader of a small group of professionals who are little-known outside the insurance industry: actuaries.

Actuaries have long been essential albeit unsung in the life insurance industry. The Actuary is often referred to as the heart of the insurance company as without the an actuary, the insurance company can not function. The many functions

of the Actuary include the development and pricing of new products, valuation of liabilities, preparation of experience studies and risk management.

Often misspelled as “actuarians,” actuaries are experts who practice the science of insurance mathematics and have been present in the world for more than a hundred years. To be one entails passing a series of grueling exams that tests one’s proficiency in statistics, economics, financial engineering, investments, underwriting, risk management and the legal framework of a country.

Here in our country, one can be legally called an actuary, or a fellow of the ASP, after passing those exams and meeting a few other requirements. In the Philippines, there are currently 70 actuaries, another 70 associates who are past halfway through the process and more than 150 young aspirants.

The ASP has been the professional organization of actuaries in the country since 1953. The organization has strongly maintained a set of professional standards.

Positioning with the global actuarial community, the ASP has also vigorously fostered values of integrity, professionalism, quality in service and standards, accountability, objectivity and social responsibility not just among the actuaries but among its members.

As the developed nations become more progressive with their financial standards, it has then been an impetus for developing nations, such as our country, to follow suit. To be more progressive ourselves, the Philippines must align itself to the benchmarks especially when it comes to International Financial Reporting Standards, Risk-Based Capital, Enterprise Risk Management and solvency



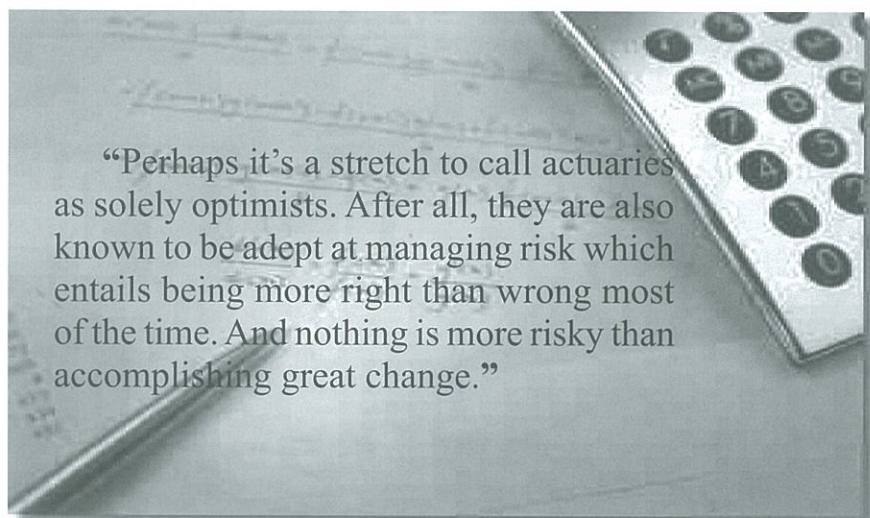
ASP President  
Romeo Abada

regulations. Another major change locally is the expansion of the actuary's role in the non-life insurance industry.

Romeo and the ASP's Board of Directors: Vice President Candy Suarez, Secretary Roy Racela, Treasurer Jess Ocampo, Ex-Officio Sachi Pang and Governors Jocs Fadri, Charline Fong, Avic Lim, Ariel Meneses and Victor Tanjuakio, are steering the actuarial community amidst these movements.

This year, the ASP is pursuing the theme *Education Empowerment Engagement*, in line with its stance of adapting through the fortification of the actuary's proficiencies and aptitudes.

The same zeal in the transformation of actuaries in the life insurance industry is applied with the same fervor as they expand to the non-life sector. "You've got to have the passion and the right attitude to effect these kinds of changes, to turn an actuary's potential energy to kinetic," Romeo explains.



"Perhaps it's a stretch to call actuaries as solely optimists. After all, they are also known to be adept at managing risk which entails being more right than wrong most of the time. And nothing is more risky than accomplishing great change."

And passion indeed has been driving this expansion with the ASP using a holistic approach by reaching out to all sectors involved. The ASP has been working with the Insurance Institute

for Asia and the Pacific (IIAP) for the education programs on local market practices, an example is the recent Basic Non-Life course.

There have been discussions with the Philippine Insurers and Reinsurers Association (PIRA) initially with its president, Michael Rellosa, then with its board which triggered a series of seminars starting with the Non-Life Reserving Seminar last month by NMG Consulting. Next in line is the Risk-Based Capital seminar in collaboration with JP Wall Consulting Partners.

The ASP is also working closely with SGV & Co in assisting the Insurance Commission (IC) finalize and implement the changes in the regulatory front. A quarterly dialogue has also been instituted between the ASP and Insurance Commissioner to have a regular and direct avenue to discuss technical matters.

Internally, the ASP's own Non-Life Committee is coming up with guidance notes to achieve consistent applications of the upcoming standards.

Beyond borders, the ASP has also established close ties with the Actuarial Society of Hong Kong, the Asia Regional Office of Casualty Actuarial Society (US) and the ASEAN Talent Development Council.

Perhaps it's a stretch to call actuaries as solely optimists. After all, they are also known to be adept at managing risk which entails being more right than wrong most of the time. And nothing is more risky than accomplishing great change. This unheralded group of people may be described as actuarially pessimistic or actuarially optimistic. Or maybe, they can just be recognized as, simply, actuaries.

Non-life Reserving Seminar by NMG Consulting



2nd Quarter meeting

