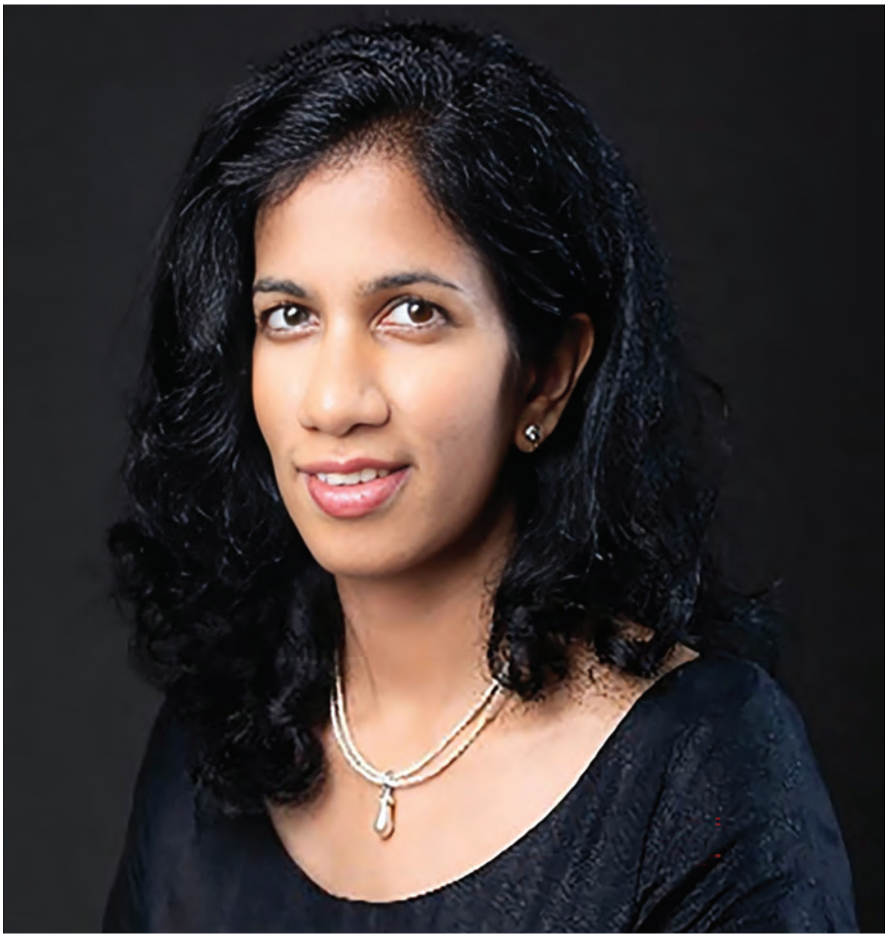
ACTUARIAL

Growing the actuarial profession and retaining talent



Sri Lanka has few homegrown actuaries and those who qualify every year find better opportunities beyond its shores. We spoke to **SG Actuarial**'s **Ms Saroja Gunatilleke** about the opportunities for actuaries in the market and the scope of the profession in Sri Lanka.

By Jimmy John

Sri Lanka currently has only a handful of actuaries and so there is need to popularise the profession locally and retain talent. Actuaries are not only in demand in the insurance industry but also in risk management and investment roles in other industries as well.

SG Actuarial Consultancy managing director and actuary Saroja Gunatilleke said that there is a dearth of actuaries in the country even to fulfil the insurance industry's requirements and so they rely heavily on overseas resources. She feels that there is a misinterpretation that actuaries should be in the insurance sector only, which has discouraged more students from pursuing this career path.

Ms Gunatilleke qualified as a fellow of the Institute and Faculty of Actuaries, UK in 2012, and was at that time the only person with such a qualification working in the insurance industry in Sri Lanka.

"Since then, there have been only a few more persons qualifying as fellows but the opportunities available for actuaries overseas are greater than those available in Sri Lanka and the country is also having trouble retaining talent," she said.

Limited resources for actuarial studies

Sri Lanka offers limited resources for actuarial learning and there are currently no universities in the country offering a degree in actuarial science. There is a masters in actuarial science programme that is seeing its second intake, which Ms Gunatilleke feels does not reach the extent of students required to develop the profession in the country.

"However, one of the universities on which I sit on the industry consultative committee is working towards developing a degree in actuarial science in the near future," she said.

With training resources for actuaries being limited in the country, she started a training programme a few years ago for students who are considering actuarial science as a career option to see if they like it before embarking in a long process of qualifying. She has opened this training to other professions such as finance, investment, insurance (underwriting, claims), risk management, marketing, IT as well as management.

"I feel that having overall knowledge of actuarial science equips these professionals to ensure companies achieve their overall objectives," she said. The training programmes have evolved over the years to meet the demand of not only the Sri Lankan insurance industry but overseas as well as other industries such as banking, finance, stockbroking and IT.

Participants from 89 organisations in 19 countries have registered for various training programmes, which she is keen to expand the reach to other countries and industries.

RBC brings in advanced technological requirements for actuaries

Until 2015, the liability valuation was on a net premium valuation basis in Sri Lanka and the technology requirement was quite minimal. With the shift to risk-based capital in 2016, there was more advanced actuarial model and software requirements in the country.

"Companies had to adopt to this change with some choosing to have the advanced actuarial model and software resources in-house with the smaller companies opting to have the entire process outsourced to an external consultant to manage the cost involved," said Ms Gunatilleke. However, she feels that having the entire process outsourced means that such companies have less knowledge and control over the process.

Ms Gunatilleke believes that with the country moving towards implementing IFRS17, there will be a much greater requirement for technology and other resources that are presently not available in the country. "This will keep on increasing the gap between what we are capable of doing within the country and the overall requirement," she said.

Scope and functioning of actuaries have changed over time

Ms Gunatilleke said that during the initial phase of her career the scope of work was mainly to fulfil the regulatory requirements of pricing and reserving only.

General insurance companies did not require in-house actuarial resources as they only had to do the IBNR calculation as a regulatory requirement which was outsourced. Life insurance companies, by regulation needed to have more actuarial involvement and certain companies did have in-house resources.

The scope of work has changed over the years, because of RBC regulations coming into effect. For general insurance companies this meant more actuarial involvement with URR also computed by actuaries.

"Over time, most companies recognised that actuaries should be more involved with the strategic planning process as well as the risk undertaken by the company was directly connected to the capital requirement and solvency of the company," she said.

Also, companies commenced obtaining more actuarial involvement as there were more resources available of partly qualified actuaries over the years. The scope increased with some companies choosing to do a part of the work in-house rather than outsourcing the entire pricing and reserving process and also doing more than what was required by regulation.

"The scope for actuaries will further increase with IFRS17, but how much of that scope increase can be conducted by local resources is questionable," she said.

Increasing awareness bodes well for profession

Ms Gunatilleke believes that there has been a shift in terms of awareness of the actuarial profession since the time she started her career.

"Most people didn't know who actuaries were but this has changed over time, as I have been working on increasing awareness of the actuarial profession with various career talks and articles," she said.

She believes that all companies, not just the financial sector in Sri Lanka, must recognise that actuaries are well equipped to conduct risk management which is an essential function irrespective of the size and nature of the business.

"There has to be a lot of partly qualified actuaries for this to happen," she said.