

**This presentation will be included in the joint session**

Professionalism and Education Track - Ref. #40 -5689 & # 83 5773 & # 113 5844

With as Moderators: Mrs. Renata De Leers and Mr. Rejean Besner

Both AWB Committee members

**ACTUARIAL PROFESSION IN DEVELOPING COUNTRIES. “YES WE CAN”**

**By Francis Gota (Actuarial Analyst)**

The need to bring together people with actuarial science backgrounds, as well as aspiring actuarial professionals, led to the formation of the Actuarial Society of Ghana (ASG) in June 1996. Its objectives include the following:

- The promotion of knowledge and research in matters relevant to actuarial science and its applications,
- To regulate practice by its members,
- To promote, uphold and develop the highest standards of professional training, knowledge and conduct among its members,
- To promote the status of the actuarial profession, and
- To provide the impetus for the rapid and positive transformation of the financial services industry in Ghana.

In pursuance of these, the Society is guided by a Constitution, a Code of Conduct, and By-Laws. It has five categories of membership, namely: Fellows, Associates, Students, Honoraries and Institutional. Currently, the total membership is a little over 100, although there are an estimated 717 actuarial graduates in Ghana (source). Currently ASG is an associate member of the International Actuarial Association (IAA).

Most fully-qualified<sup>1</sup>Ghanaian actuaries either with the Society of Actuaries (US), or the Institute & Faculty of Actuaries (UK) reside outside the country. Of the qualified actuaries identified to be Ghanaian, 15 Fellows and 20 Associates reside in North America, and 2 Fellows of the Institute & Faculty of Actuaries resident in the UK. Only 1 Fellow and 4 Associates are residing in Ghana and are all members of ASG. Some of the Ghanaian actuaries residing outside the country are also members of ASG.

Unfortunately, the need for the services of actuaries in Ghana is mostly seen by the life insurance industry even though professional actuaries play multiple and integral role in the non-insurance financial institutions such as investment banking, in managing its associated risks.

Over the years the National Insurance Commission (NIC), the regulator of the Ghanaian insurance industry, has shown great interest in the contribution of actuaries to the insurance industry. This interest led to the inclusion in the current Ghana Insurance Act 724, the establishment of an appointed actuarial system, and establishment of actuarial unit in the Commission in 2010.

The adoption of actuarial skills in the life insurance industry, to be specific, has significantly improved insurer's solvency, revealed pertinent inherent risks posed to the insurers, and also improved tremendously the life insurance penetration rate in Ghana.

However, due to an inadequate number of professional actuaries in the country, insurers have had to seek the services of actuaries in advanced countries at significant cost.

The Commission, with support from GIZ, has reviewed the existing Insurance act 724 to improve and increase flexibility in order to closely comply with the best international practice, in addition to two additional essential documents namely the Insurance Regulation and the Insurance Code.

NIC, being a member of International Association of Insurance Supervisors (IAIS), the code could be amended to conform to dynamic nature of Insurance Core Principles (ICP). The ICP provision recommends the establishment of

actuarial function, being one of the four recommended governance functions. In the new Ghanaian code, there will be therefore an actuarial function in addition to the already established role of the Appointed Actuary.

The actuarial function system will be an in-house function to be established in the various insurance firms to build internal actuarial capacity and to provide internal actuarial services. This has the potential of creating employment for actuarial graduates in the country as well as encouraging them to acquire the necessary skills to deliver in their capacity.

It should also be said that staff of an actuarial function are not necessarily fully qualified actuaries so graduates becoming eventually (but not mandatory) later a certified actuarial analyst or associate or fellow will more easily find a job within the Ghanaian industry. Though essential is that those actuarial analysts will work under the supervision of a fully qualified actuary in charge of the (future) actuarial function.

With the introduction of the new National Pension Act in Ghana, which is the Three Tier Pension Scheme that requires the establishment of Pension Trustees, Fund Managers, and Custodians to manage the 2<sup>nd</sup> and 3<sup>rd</sup> tiers. This also opens job opportunities for actuarial graduates becoming later eventually a fully and qualified actuaries, as the fund managers will need the services of actuarial professions in managing the pension funds in a sustainable way.

Currently 4 universities are offering courses in Actuarial Science at the undergraduate level; specifically, B.Sc. degree program. Unfortunately assessment of the curricular of the Universities showed that none of the programmes complied with the International Actuarial Association's (IAA) minimum requirements for actuarial science programmes. ASG is working together with other partners to improve the quality of actuarial education so that actuarial students can get exam exemptions from full member associations.

KNUST (a public university) has started a Masters Degree program in Actuarial Science with the support of volunteers from the Institute & Faculty of Actuaries as guest lecturers. Over the past ten (10) years, about 1350 students have graduated in Actuarial Science.

A number of candidates are pursuing the professional examinations of either Institute & Faculty of Actuaries (UK), or Society of Actuaries (USA) though the number is small relative to the number of students graduating from the universities due to challenges such as high cost of exams, high cost of reading materials and lack of it, and exam tutorial.

ASG will be grateful to have AWB Volunteers to prepare the student members for the exams. This will be very helpful for the actuarial candidates and expose the actuarial graduates to experienced fully qualified actuaries.

Most students pursuing the professional exams go through it by self-study. This, in addition to other factors, affects the success rate in the professional exams taken. Some students get frustrated and give up to pursue other professions such as Chartered Insurer (CII) and Chartered Financial Analyst (CFA).

The actuarial graduates are smart and with the right mentorship, teaching facility and learning aids, and motivation they can become actuarial professionals in no time.

Now some student leaves the country after completing their first degree to pursue the profession in either United State, Canada, or U.K and hardly return to practice in Ghana where the remuneration is nothing to be compared to what they earn in the advanced countries.

Also only few people with actuarial background occupy senior management positions in the insurance industry. This makes it very difficult to find internship placement for actuarial students to acquire practical skills, as most people in management position see the actuarial professional as a threat to them.

In conclusion, the actuarial profession in Ghana has huge potentials as the new insurance bill and pension act creates avenue for actuarial services to be sorted. With the right support such as mentorship, professional and skills development, and motivation, the sky will be the limit for actuarial profession in Ghana.