

THE ACTUARY'S ROLE IN DEVELOPING COUNTRIES

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THE purpose of the paper was to describe some of the difficulties, both technical and practical, of working as an actuary either as consultant or resident in a developing country. The practical experience is related to the author's experience gained mainly in the East African territories of Zambia, Kenya, Uganda, Zimbabwe and Mauritius. The type of actuarial work considered is, in the main, life office practice but examples are provided of work in pensions, Government statistics and related actuarial matters.

The technical difficulties arise mainly from the lack of adequate statistical data, both current and historical. This makes the compiling of mortality tables, for instance, extremely difficult. Though statistics are now being accumulated it will be a number of years before reliable mortality tables can be produced. The second main technical problem for actuaries relates to the investment conditions pertaining in most developing countries. Apart from the total lack of any genuine investment market, interest rates obtainable on Government securities are invariably woefully inadequate and totally inconsistent with other economic factors. The paper highlights the important role of the actuary in this area in promoting a viable investment market.

Insurance markets in differing countries vary considerably from those where there is one State insurance company monopoly to others where there is intense competition between numerous companies. The difficulties of operating in many different types of market are discussed at some length.

The main practical problem raised in the paper is the lack of adequately trained indigenous staff for insurance companies, pension funds and Government actuarial offices. Invariably the expatriate or consulting actuary is called on to provide training facilities for the local staff.

The paper summarizes by drawing attention to the enormous potential, in terms of both human and natural resources that is currently relatively unharnessed in many parts of the developing world, particularly East Africa, and the need for professional actuarial approach in the field of life assurance, pension provision and social security schemes. The actuary has an important role to play not only in the purely technical sense but also in the general promotion of a stable economic environment by promoting a proper use of funds that are available.