

## **Work in China: Sometimes Challenging Always Interesting**

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For many overseas Chinese, China always occupies a special place in our hearts. Though it is thousands of miles away and many of us left the country years ago, we are still very interested in the rapid developments in China. Especially for aspiring overseas Chinese actuaries that are tired of sitting in the back office with a predictable career path to retirement, the charm of a booming insurance market in China that offers unlimited potentials seems irresistible.

However, going back to China is by all means a big decision in life. Struggling between the comfortable lifestyle in the States and a promising career in China, overseas Chinese actuaries are confronted with the real life risk-reward trade-off: go back to China vs. stay in the States, long-term vs. short-term, benefits vs. risks .....

And you are not alone. As an overseas Chinese actuary myself, I went through many of the same struggles. In the last few years, I also had the opportunity to discuss this topic with many overseas actuaries and have interviewed several dozens of actuaries looking for career opportunities in China. Below are a few questions that often come up during these discussions together with my comments for your reference.

It is difficult to give you definite answers to these questions; therefore, my comments have been kept brief and general. For an individual discussion on your specific situation, you are welcome to contact me directly. Of course, my comments are my personal views only. My employer – Munich Reinsurance Company does not necessarily endorse my views and will not assume any liabilities arising from my comments.

### ***Question 1: How is the job market in general for actuaries in China?***

There is no doubt that China is full of opportunities. Unlike the mergers and acquisitions we have seen in the North American markets, many new life insurance companies have emerged in China over the last few years. Today, China has about 50 life insurance companies and the number is still growing. Consulting firms and reinsurance companies are also expanding rapidly.

However, there are only about one hundred qualified actuaries in China today while the States has tens of thousands of them. The one hundred actuaries in China include both locally trained actuaries and actuaries from overseas. This means there are less than 2 qualified actuaries per company on average. In comparison with the States, China is simply in shortage of experienced actuaries.

The insurance industry is only 15 years old and most of the local actuaries have less than 10 years of experience. Because of the severe shortage of qualified actuaries, some actuaries with less than 10 years of total experience have been pushed to the Chief Actuary position. In addition, job changes are quite frequent for many young actuaries to take advantage of the emerging opportunities. It always seems there is something better elsewhere.

Today, there are abundant job opportunities for actuaries in China and the future looks very bright for the next 5-10 years.

Two additional points worth mentioning though:

- a. Overseas actuaries who return to China often achieve a high level of responsibility relatively early in their careers. Many of these actuaries have become a CFO or a Chief Actuary within 5 years after attaining their FSA.
- b. While the career rewards can be great, so are the risks. Heavy workloads, special knowledge requirements, and complicated office politics can easily wear some actuaries out if they are not prepared.

***Question 2: What types of employment opportunities in China are available for overseas actuaries?***

There are basically three types of employment opportunities available in China: life insurance companies, consulting firms, and reinsurance companies.

*Life Insurers:*

- a) Large domestic companies such as China Life, Ping An, and CPIC. These top three companies in total contribute to over 75% of market share.
- b) Somewhat established shareholding companies such as New China Life, Taikang, and Taiping. There are around 5 companies in this category.
- c) Foreign joint venture companies such as New York Life, MetLife, and Prudential. There are about 2 dozens of such ventures in China. Since JV companies have to establish a representative office for at least 2 years before they can start business, there are also opportunities to work in such offices.
- d) New and small shareholding companies. These companies are opening up every year.

*Consulting firms:*

- a) Big four accounting firms, e.g. PWC, E&Y, D&T, and KPMG. Some firms even open up offices in big cities other than Beijing and Shanghai.
- b) Actuarial Consulting firms, e.g. Milliman and Tillinghast. There are also some local actuarial consulting firms.

For these consulting firms, their Hong Kong offices is usually bigger and they provide most of the support for the China team. Many of these consultants work on projects covering markets all over Asia.

*Reinsurance Companies:*

- a) China Re: This is the only domestic reinsurer and it has over 80% of market share for life business.
- b) Foreign licensed reinsurers: Munich Re, Swiss Re, and GenCologneRe. These three companies have been granted branch licenses in China and operate nationwide. The head offices of Munich Re and Swiss Re are both in Beijing while the head office of GCR is in Shanghai.

- c) Foreign representative offices: A number of reinsurers have set up representative offices in China such as RGA and Hannover Re, to name a few.

**Question 3: Compared with local trained actuaries, what advantages do overseas actuaries have?**

The insurance market in China is still at its early development stage. The tools and techniques being used in many actuarial areas are less sophisticated when compared with the North American standards. Many local actuaries learn the common actuarial techniques (e.g. ALM, stochastic modeling, performance measure and managements) through textbooks without much of practical experience. So in the technical areas, overseas actuaries with a few good job rotations definitely have advantages.

However, in a small or medium-sized company in China, there are only one or two experienced actuaries and a few actuarial students. This small actuarial team has to do product development and pricing, valuation and financial reporting, annual projection and planning, as well as risk management. In general, local actuaries have a broader job scope than their North American peers with similar years of experience simply because they have to do everything on their own.

In my opinion, the most sought-after actuaries are of course those actuaries with a minimum of 7-10 years of solid actuarial experience overseas and 3-5 years of local actuarial experience. In the long run, these actuaries will have the most promising career.

**Question 4: What are the work conditions for actuaries in China?**

For some companies, the work environment is similar to some large insurance companies in the States or even better. For example, the lunch break can be 1.5-2 hours long and you can even take a nap after lunch. Working overtime is very rare.

For some other companies, overtime is very common and you are constantly under pressure. This can be especially true in some small, or joint venture companies where a small team of actuarial staff has to deliver many things, e.g. products, financial reports, and legal compliance. If you work for such companies, the workload will be much more than what many of us have experienced in the States.

Consulting firms and reinsurance companies are two employment alternatives to life insurance companies. In general, consulting firms have a less predicable work schedule and their actuaries are constantly under pressure. To a less extent, this is also true for life reinsurers. Consulting firms and reinsurers offer very valuable experience in client service and project management, both of which can help a traditional actuary to move ahead of their peers whom are without such experience.

Business culture can be very different from company to company, and sometimes even within the same company from department to department. In general, foreign companies (such as the foreign life reinsurers) or joint venture companies tend to adopt western-style office management while domestic companies tend to be more traditional and hierarchical.

**Question 5: *What is the pay level for actuaries in China?***

Again due to the shortage of qualified actuaries in China and high turnover of actuaries, the current salary level is not uniform and may not reflect the long-term norm. I have heard of some actuaries with a multi-million-dollar package but I have also seen many actuaries with very low pay (based on North American standards). In general we see that the pay level for experienced actuaries is getting higher.

However, one thing is for sure, in absolute dollar amounts, local actuaries in China are paid less than their peers in the States. If you consider the purchasing power, in my opinion, the situation is different: local actuaries in China have a higher purchasing power than their North American peers. The actuarial profession is considered a very highly paid occupation in China.

Aspiring actuaries looking for a future in China should be realistic in their pay level, especially when they start working in China. If they can get a comparable salary as what they have in the States, this is already a very good starting point. Of course, if an overseas actuary can really do a good job in China, the future for him/her can be quite bright. The eventual compensation package can be much better than most of us can ever get in the States.

**Question 6: *Can I still demand a lucrative expatriate package today?***

Yes of course you can ask but most likely you will be disappointed. Today more and more people are interested in returning to China and in contrary to what some might perceive, the living standards and work conditions in China are as good as what we have in the States.

Expatriate packages are usually only offered to managers and specialists who are temporarily sent overseas to transfer knowledge or to set up an operation. For most of us, we are going back to China for the long term and I cannot really associate us with expatriates.

**Question 7: *Is now too late for me to go back to China?***

No, it is never too late for experience actuaries to go back to China. We expect to see an ongoing high demand for experienced actuaries in the years to come. It is never too late for experience actuaries to go back to China. There are insurance companies starting business every year and it takes years before supply meets demand.

However, only the top actuarial jobs (e.g. Chief Actuary or CFO) can afford the high salaries you expect. But the opportunities for top actuarial jobs are limited and the competition can be fierce.

For actuaries with only a few years of experience, the job opportunities are abundant but the bargaining power may be limited. With more and more universities producing hundreds of local actuarial students each year, these overseas actuaries may end up

starting at a junior manager level. The pay level may be lower than what they can get in the States.

**Question 8: *Is the path to China a one-way street?***

It is understandable that many of us would like to keep our options open: If everything works out well, I would stay; otherwise, I would return to the States. This could also be one reason why some overseas actuaries are only interested in returning to China as an expatriate, with guaranteed jobs in the States if things do not work out.

For actuaries looking for a better career, my advice is that you should genuinely believe that going back to China is a permanent decision. This will not only increase your chance for success in China because you are determined, but it will also help you to adjust yourself to the new environment because you have no way out.

Depending on whom you ask about their experience in China, some people really love it while others really hate it. For most people who have survived in China for a few years, they would never go back to the States because life in China is simply too exciting.

Two additional points worth mentioning:

- a. The work you do and the experience you gain in China are very different from your typical actuarial jobs in the States and may not be valuable to your future employers in the States if you do return someday in the future.
- b. After a few years overseas, you will lose almost all business contacts that you have built up over your career in the States. In addition, you may become a total stranger to the changes and developments that have occurred in the States. Principle-based reserve? Never heard of!

**Question 9: *If I go, how about my family?***

If you have a family (i.e. spouse and kids), then going back to China could have severe implications on it. For actuaries in such situations, I would recommend that they really think it through and make the decision after considering all pros and cons.

Personally I think if you have a family, then the whole family should go back to China together. Some people may choose to have one party go first while leaving the spouse and children behind. I am strongly against this idea as I have seen many broken families resulting from the prolonged physical separation. Remember actuaries are still highly paid in China and the society is undergoing many changes regarding values and family responsibilities.

Child education can be another issue of concern. The tuition and fees for international schools in Beijing and Shanghai can be as expensive as those private schools in the States. For example, the annual cost of a typical international primary school can reach twenty thousand US dollars. The good news is that the whole cost is tax deductible.

Other complaints I often hear from returning families are air pollution, traffic chaos, low hygiene standards, and bad social manners, etc. These problems do exist but the government and the society are working hard to improve them. It will take some time before significant improvements can be observed.

***Question 10: I am still interested... now what?***

If you have considered all the pros and cons and are still interested in going back to China, you have my sincere congratulations because I believe that you have made the right decision (at least career-wise).

Going back to China can really open up a new world: You will meet people you would otherwise never have met, you will gain knowledge you would otherwise never have been exposed to, and you will do interesting things you may otherwise never have imagined. Most of all, you can make a difference!

Before you start packing, you should learn all you can about working in China. You have a number of ways to do this, such as:

- a. Talk to your friends working in China and ask them to forward your resume to as many employers as possible;
- b. Attend international seminars especially in China/Hong Kong where you can meet many actuaries from China;
- c. Contact a recruiter specializing in Asia and China. Today many big actuarial recruiting firms have offices in Hong Kong and China.

My advice would be to plan a trip to China for two to three weeks at your earliest convenience. The real situation in China can be quite different from what you read in the press or watch on TV. But before you go, you should directly contact the potential employers to arrange a meeting. Many companies would welcome your visit and you can get a lot of first-hand information. In China, most insurance companies are not used to the idea of using headhunters in recruitment; therefore, direct contact is very common and accepted.

**About the author**

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