



Establishment of the Georgian actuarial association

More than 100 years after the establishment of the Royal Dutch Actuarial Association, the actuarial profession started to take its first steps in the country of Georgia. The Georgian Association of Actuaries and Financial Analysts (AAFA) was founded in 1998 on the basis of the Association of Statisticians in Georgia. It proudly became the first actuarial association in Transcaucasia. Two years later, AAFA joined the ranks of the International Actuarial Association.

Up until 2005, AAFA operated fully based on the personal efforts of the founders of the association. They had a vision and belief that one day actuarial science would get the attention it deserves. They set a mission in motion to attract and educate more people in the domain of actuarial science. Accomplishing the mission remains a challenge to this day.

AAFA currently has 30 members out of which 8 work in the Georgian insurance sector. Half of the members have internationally recognized actuary/actuarial analyst qualification or are on the road towards getting qualified.

ACTUARIAL EDUCATION IN GEORGIA

In 2005, the first certification program and the actuarial course were created by Guram Mirzashvili and Zurab Tsigroshvili. The first part of the course focused more on Life and Pension insurance and the second part on non-life insurance. In total 30 people attended the course out of which 10 were students and 20 were employees of the insurance companies.

The first step towards an international qualification was financed by USAID in 2017–2019. 30 candidates were selected based on a quantitative exam. As part of the USAID grant the candidates were trained to acquire a CAA (Certified Actuarial Analyst) qualification. CAA Global is a joint venture of the Institute and Faculty of Actuaries (IFoA), based in the United Kingdom, and the Society of Actuaries (SOA), based in the United States.

In total 4 candidates have completed Certified Actuarial Analyst (CAA) modules' exams, OPAT (Online Professional Awareness Test), work-based skills requirements and are recognized as a qualified CAA, half of whom are currently working in the Netherlands:

- Ana Kharatishvili, CAA – President of the AAFA, Regulatory actuary at Insurance State Supervision Service of Georgia
- Ramaz Khvichia, CFA, PRM, CAA – CFO at International Insurance Company IRAO / VIG in Georgia
- Natia Aludauri – IFRS17 reporting consultant at NN Leven in the Netherlands
- Anano Basilaia – Balance sheet manager at NN Leven in the Netherlands

RECENT DEVELOPMENTS

On 30 June 2023, the parliament of Georgia approved the law on Insurance which states that all insurance companies are obliged to have an actuarial position starting 1 January, 2025. In addition, the first Annual Actuarial Report must be provided by all insurance companies to the local supervisor in February 2026.

The aforementioned law reignited the demand for actuarial science. As a follow-up, starting in the upcoming study year, the short-term Actuarial Mathematics course will be offered at Ivane Javakishvili Tbilisi State University free of charge to all interested parties.

A. Basilaia MSc is Balance sheet manager at NN Leven in the Netherlands.



Interview with the President of Georgian actuarial society (AAFA)



Ana Kharatishvili has been a member of the AAFA since 2002. She was elected as president of the AAFA for the first time in 2017 and has been the main driving force of the Georgian actuarial association ever since. We have asked her to share her story with us:

When and why did you decide to follow an actuarial career path?

"I joined the association 22 years ago, when I was a first-year student at the Faculty of Applied Mathematics of the Technical University of Georgia. As a mathematician it was very attractive to apply probability theory and statistical models to real insurance problems, predicting the future sounded interesting to me."

What is the insurance industry like in Georgia? What are the future prospects?

"There are 19 insurance companies licensed in Georgia, they hold both life and non-life insurance licenses. The insurance sector of Georgia continues to grow steadily. According to the Georgian Insurance Supervision Service, the Insurance market in 2023, for the first time in

history, the total premium written from insurance activity exceeded 350 million EUR. The market is dominated by non-life insurance (about 92% of the premium portfolio). The development process of the Georgian insurance market will be significantly boosted by the initiation of obligatory Motor Third Party Liability (MTPL) Insurance in Georgia. It is likely to increase the size of the market by 30%. It is also bringing excited comments that this, along with the passing into legislation of internationally recognized standards, will help build an attractive regional insurance hub.

Insurers in Georgia are required to submit auditory examination reports in accordance with the 'International Financial Reporting Standards' (IFRS) approved by the International Accounting Standards Board. The reports must be prepared according to IFRS rules and the auditory examination must be conducted in accordance with 'International Standards on Auditing' (ISA) approved by the International Accounting Standards Board."

IT IS CHALLENGING TO FIND A SUFFICIENT NUMBER OF PROFESSIONALS WITH ADVANCED MATHEMATICAL SKILLS WHO DEAL WITH THE MEASUREMENT AND MANAGEMENT OF RISK

What are the main challenges for actuaries and actuarial science in Georgia?

"The actuarial function in insurance companies is becoming mandatory and all insurers will have an actuary. This approach is widely known in international practice and serves to secure the relevance of financial calculations of the insurer, correctness of formation of insurance reserves. In general, it is the ground for its solvency and financial stability. It is challenging to find a sufficient number of professionals with advanced mathematical skills who deal with the measurement and management of risk."

Can you tell us more about your current role and your professional ambitions for the upcoming years?

"At the moment, I am the President of the AAFA and at the same time first Regulatory Actuary at the Insurance State Supervision Service of Georgia. Currently, my main goal is to establish sustainable development of the actuarial profession in Georgia. In October, AAFA starts the first academic actuarial course at the Tbilisi State University for the employees of insurance companies and students. In the upcoming years, I am planning to create guidelines regarding the Qualification Criteria, Principles and Procedures for Actuarial designation and adapt International guidelines regarding the Role and Responsibility of a Qualified Actuary." ■