

# **ASHK Members Consultation for New Membership Sub-class Fellow Members with Practicing Certificate (FASHKPC)**

*15<sup>th</sup> December 2020*



# Introduction



# Introduction

## Mission of The Actuarial Society of Hong Kong (ASHK)

- Representing, developing and inspiring the actuarial profession in Hong Kong to serve the public interest.

### ASHK's proposal

- Propose to amend Chapter 41A of the Insurance (Actuaries' Qualifications) Regulations, Guideline GL9 of the Insurance Authority and the Occupational Retirement Schemes Ordinance by including the newly proposed **“Fellow of the Actuarial Society of Hong Kong with a Practicing Certificate” (FASHKPC)** as an additional professional qualification requirement for actuaries performing statutory roles in Hong Kong. *(Extract of ordinances and guidelines are appended at the end of the deck.)*
- The proposal applies to new appointments only. It does not impact people currently in one of the statutory roles.
- FASHKPC will be a new sub-class of ASHK's Fellow membership with requirements of knowledge on Hong Kong regulations.



## Key Difference Requirement with Other Jurisdictions & Local HK Statutory Bodies

- At present, the requirement for actuaries performing statutory roles in Hong Kong is just fellowship in one of the named overseas actuarial societies.
- Membership in one of these **overseas actuarial societies alone does not ensure local knowledge, nor does it subject the person to any disciplinary procedures in case of misconduct.**
- ASHK has therefore put forward a proposal to amend Chapter 41A of the Insurance (Actuaries' Qualifications) Regulations, Guideline GL9 of the Insurance Authority and the Occupational Retirement Schemes Ordinance by including the newly proposed **“Fellow of the Actuarial Society of Hong Kong with a Practicing Certificate” (FASHKPC)** as an additional professional qualification requirement for actuaries performing statutory roles in Hong Kong.



# **A New Membership Sub-class FASHKPC**



## ASHK Proposal

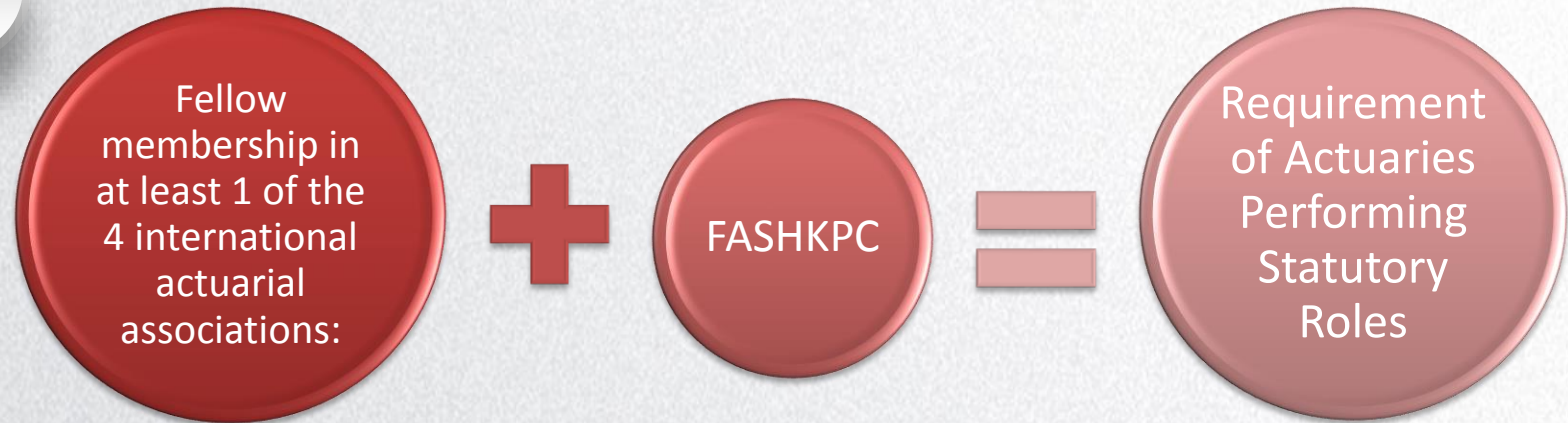
- ASHK proposes to create a new sub-class of Fellow members, FASHK with Practicing Certificate” (FASHKPC). The requirements for the Practicing Certificate will be the following:
  - Fellow membership of ASHK;
  - Fellow membership in at least one of the following international actuarial associations:
    - Actuaries Institute Australia (IAAust)
    - Casualty Actuarial Society (CAS), U.S.A
    - Institute and Faculty of Actuaries (IFoA), U.K.
    - Society of Actuaries (SOA), U.S.A; and
  - Demonstration of sufficient knowledge of HK regulation (successful completion of the ASHK examination or “Exam equivalent CPD”).
  
- The above requirements will ensure both sufficient general and local knowledge for an actuary to perform statutory roles in Hong Kong. This is not the case currently.
  
- ASHK is in the process of members consultation to update the M&A by adding a new membership class namely FASHKPC and **will file revised Articles of Association with Company Registry when conditional approval from IA is received.**



# Existing Professional Qualification Requirements in Hong Kong

	Appointed Actuaries	GI Signing Actuary	Pension Actuary
Governing Ordinance	Chapter 41A, Insurance (Actuaries' Qualifications) Regulations	Guideline GL9 of the Insurance Authority: Guideline on Actuarial Review of Insurance Liabilities in respect of Employees' Compensation and Motor Insurance Businesses	Occupational Retirement Schemes Ordinance
Existing professional qualification requirements	Fellow of : <ul style="list-style-type: none"><li>• Institute and Faculty of Actuaries (IFoA) of the United Kingdom;</li><li>• Institute of Actuaries of Australia (IAAust); or</li><li>• Society of Actuaries (SOA) of the United States of America.</li></ul>	Fellow of : <ul style="list-style-type: none"><li>• IFoA of the United Kingdom;</li><li>• IAAust;</li><li>• Casualty Actuarial Society (CAS) of the United States of America, or</li><li>• SOA of the United States of America in the GI tack.</li></ul>	Fellow of: <ul style="list-style-type: none"><li>• Actuaries of Scotland;</li><li>• Institute of Actuaries of England;</li><li>• SOA of the USA;</li><li>• IAAust; or</li><li>• any person who holds such qualification as the Registrar may accept as being of a standard comparable to that of a person described in above</li></ul>

## ASHK Proposal



- FASHKPC will be an **additional qualification** requirement in addition to the four overseas professional qualifications currently required (i.e., SOA, IFoA, IAAust and CAS.)
- In other words, actuaries with statutory roles must be fellows of one of the four association **AND** possess the FASHKPC qualification offered by the ASHK. Note, however, that FASHKPC already requires fellowship in one of the four associations.

- **Will ASHK consider other qualifications outside the 4 professional bodies? e.g. Canada/ China qualifications?**

The four organizations are those already recognized in the existing Insurance Ordinance. The ASHK proposal is to require FASHKPC as an additional qualification in addition to these four. If the IA wishes to add other organizations in addition to the four existing ones ASHK would have no objection. But this is a question for the IA to decide, not ASHK. ASHK takes no position on this matter.

# Articles of Association

## REQUIREMENTS FOR ADMISSION TO MEMBERSHIP

8. Subject to the power of the Council to change the requirements under Article 10, the requirements for entry to the membership to the Society shall be as follows:

(a) Fellow Members

(i) Any person who:

- (1) is nominated by two Fellow Members; and
- (2) has been assessed by the Council as possessing appropriate professional actuarial qualifications and practical experience; and
- (3) has passed the examinations specified and organised by the Society from time to time,

shall upon approval by the Council be admitted as a Fellow Member.

(ii) Any person who:

- (1) is a fellow member of either the Institute and Faculty of Actuaries of the United Kingdom; the Institute of Actuaries of Australia; the Society of Actuaries of the United States of America; or the Casualty Actuarial Society of the United States of America; and
- (2) fulfils the requirements under sub-paragraphs (i)(1) and (i)(2) above; and
- (3) fulfils the requirement under sub-paragraph (i)(3) above; or, where such person was admitted as a Fellow Member before 1 January 2019, has completed an exam-equivalent course as specified and organised by the Society from time to time,

shall upon approval by the Council be admitted as a Fellow Member with Practising Certificate.

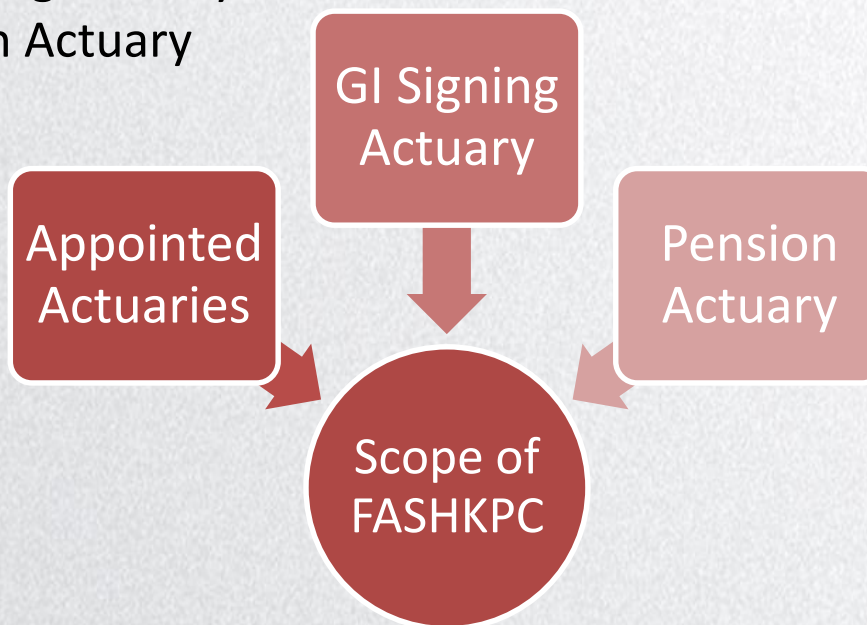
- The proposed amendment is under “Requirements for Admission”. In other words, **the Fellow status of current Fellow member is not affected.**
- If a Fellow member (before 1<sup>st</sup> January 2019) opts to be admitted as FASHKPC, he/ she needs to pass the examination **or** complete an exam-equivalent course (details to be disclosed in due course) **AND** holds the Fellow membership in at least one of the 4 international actuarial associations.
- If a Fellow member (on or after 1<sup>st</sup> January 2019) opts to be admitted as FASHKPC, he/ she shall hold the Fellow membership in at least one of the 4 international actuarial associations.

# Overview of the ASHK Examination

Exam Structure	
<b>Applicability</b>	<ul style="list-style-type: none"><li>- A requirement for fellowship in the ASHK from 1 January 2019</li></ul>
<b>Curriculum</b>	<ul style="list-style-type: none"><li>- Hong Kong Specific Local Knowledge</li><li>- Passing of the examinations serves to demonstrate the candidate's knowledge of the <b>local landscape</b>, including <b>applicable regulations, actuarial guidance notes</b> and <b>professional standards</b> as an asset for career advancement.</li><li>- ASHK views this as a necessary step on our path towards statutory recognition, ensuring actuaries practicing in Hong Kong have the relevant local knowledge.</li></ul>
<b>Format</b>	<ul style="list-style-type: none"><li>- <b>Core + 1 Elective</b> (Life Insurance / Pension / General Insurance)</li><li>- 45 minutes + 45 minutes</li><li>- 30 <b>multiple-choice</b> questions for each paper</li><li>- <b>Open book</b> format</li></ul>
<b>Prerequisites</b>	<ul style="list-style-type: none"><li>- None, all members of ASHK can take the exam</li></ul>
<b>Grandfathering</b>	<ul style="list-style-type: none"><li>- All existing ASHK Fellow members (FASHK) who hold valid membership status on <u>1 January 2019</u> are eligible for grandfathering <b>** A grandfathered Fellow who subsequently lapses membership, regardless of the reasons, is required to take the examinations to regain fellowship status</b></li></ul>
<b>Exam frequency</b>	<ul style="list-style-type: none"><li>- Once or twice a year</li></ul>

# ASHK Proposal

- The proposed amendments will be applied to the **statutory roles** of:
- Appointed Actuaries
  - GI Signing Actuary
  - Pension Actuary



- The proposal is to require the FASHKPC only for ***new appointments after the effective date of the legislation (Target to be 1 January 2024)***. Existing Appointed Actuaries and GI Signing Actuaries as of the effective date of the legislation are not affected.

## Sufficient time to get ready

Because the legislation will be effective January 1, 2024 at the earliest, there is sufficient time to allow all companies, including branches of foreign insurers, to prepare. There is **no residence requirement**. The only requirement for an actuary who is already a fellow of one of the four organizations is to demonstrate knowledge of Hong Kong regulations evidenced by passing the ASHK exam. ASHK believes that an actuary who is not knowledgeable in Hong Kong regulation should not serve as an Appointed Actuary or a Signing Actuary.

## Scope of our Proposal: Actuaries with statutory roles only

The proposal of FASHKPC qualification will only affect actuaries with statutory roles, namely Appointed Actuary, GI Signing Actuary and Pension Signing Actuary. Actuaries involved with the implementation of IFRS17, RBC regime and all other **non-statutory role will not be affected at all**.

There are no plans to expand this proposal to non-statutory roles like pricing actuaries. Therefore, there will be no difference for in non-statutory roles compared with the current situation. The availability of actuaries will be the same with or without this proposal since the non-statutory actuaries are not within our scope.

Of course, any fellow member who wishes to obtain the FASHKPC designation may do so if she meets the requirements. It is not necessary to currently be in a statutory role.

# Our Proposal is Neutral to Supply of Actuaries

- Implementation of FASHKPC itself does not and will not increase nor tighten the supply of Actuaries. It is neutral to the supply of actuaries.
- Current appointed actuaries and signing actuaries are not affected as the proposal impacts new appointments only.
- Our proposal has **NO impact on actuaries performing non-statutory roles** e.g., pricing, valuation, etc.
- There is **NO residency requirement** for FASHK or FASHKPC.
- there is ample of time (over 3 years from now) for current practitioners to get ready for the change.
- With the increasing supply of actuarial students from the expanding undergraduate programs offered by universities in Hong Kong, ASHK is committed to the professional development of actuarial students in maturing to qualified actuaries across different stages of their careers through seminars, luncheons and evening talks.

# Appendix – Extract of Ordinances and guidelines

## Chapter 41A of the Insurance (Actuaries' Qualifications) Regulations

Insurance (Actuaries' Qualifications) Regulation

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Section 1

Cap. 41A

### **Insurance (Actuaries' Qualifications) Regulation**

(Cap. 41, section 128(1))

[30 June 1983]

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**Editorial Note:**

The title of this Regulation was amended from "Insurance Companies (Actuaries' Qualifications) Regulations" to "Insurance (Actuaries' Qualifications) Regulation" — see L.N. 56 of 2017.

**1. Citation**

This Regulation may be cited as the Insurance (Actuaries' Qualifications) Regulation.

*(L.N. 56 of 2017)*

**2. Prescribed qualifications for actuaries appointed under section 15(1)(b) of Ordinance**

The prescribed qualifications referred to in section 15(1)(b) of the Ordinance of an actuary to an authorized insurer are any of the qualifications set out in the Schedule.

*(L.N. 56 of 2017)*

# Appendix – Extract of Ordinances and guidelines

## Chapter 41A of the Insurance (Actuaries' Qualifications) Regulations

### Insurance (Actuaries' Qualifications) Regulation

Schedule

S-2

Cap. 41A

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### Schedule

[s. 2]

*(L.N. 56 of 2017)*

### Qualifications for Appointment as Actuary

*(Format changes—E.R. 4 of 2017)*

1. Fellow of the Institute and Faculty of Actuaries of the United Kingdom. *(L.N. 56 of 2017)*
2. *(Repealed L.N. 56 of 2017)*
3. Fellow of the Institute of Actuaries of Australia.
4. Fellow of the Society of Actuaries of the United States of America.

# Appendix – Extract of Ordinances and guidelines

## Guideline GL9 of the Insurance Authority



### 6. The Actuary

6.1. The actuary, either in-house or consulting, shall possess either of the following qualifications or a qualification that is accepted by the IA as being comparable to the following qualifications:

- (a) Fellow of the Institute and Faculty of Actuaries of the United Kingdom;
- (b) Fellow of the Institute of Actuaries of Australia; or
- (c) Fellow of the Casualty Actuarial Society of the United States of America,

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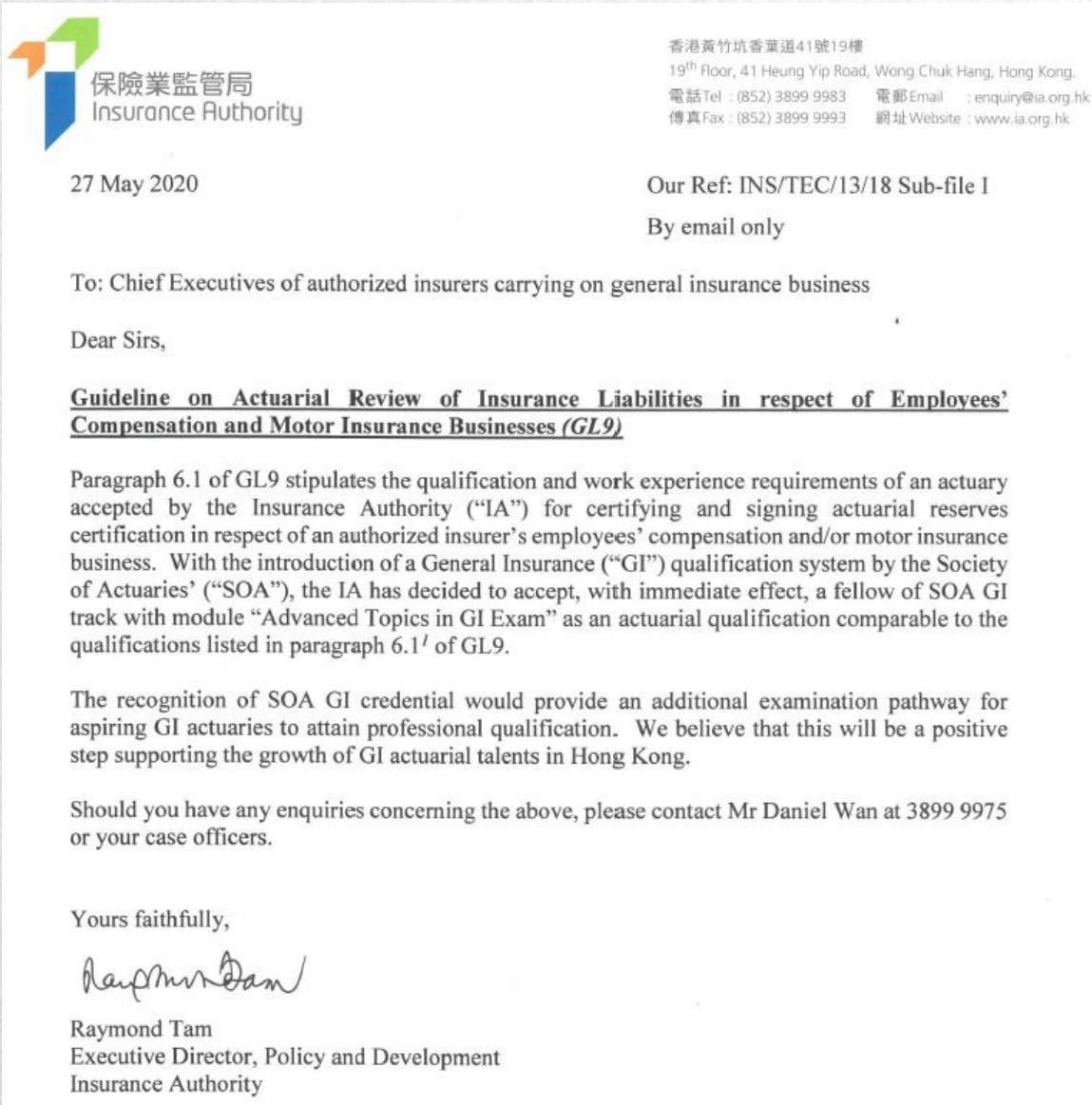
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as well as appropriate work experience in general business obtained in the last 3 years. The actuary should also be familiar, e.g. by having a physical presence in Hong Kong, with the situation in Hong Kong, particularly the legal, judicial and social trends in Hong Kong that may impact upon the value of insurance liabilities.

6.2. Any authorized insurer wishing to appoint an actuary possessing qualification and work experience other than those listed in paragraph 6.1 above shall seek approval from the IA before making the appointment.

# Appendix – Extract of Ordinances and guidelines

## Letter supplemented to Guideline GL9 of the Insurance Authority



# Appendix – Extract of Ordinances and guidelines

## Occupational Retirement Schemes Ordinance

### PRELIMINARIES AND RESTRICTION ON OPERATION OF OCCUPATIONAL RETIREMENT SCHEMES

#### 1. Short title

- (1) This Ordinance may be cited as the Occupational Retirement Schemes Ordinance.
- (2)-(4) *(Omitted as spent—E.R. 2 of 2014)*

#### 2. Interpretation

- (1) In this Ordinance, unless the context otherwise requires—  
“accrued rights” (累算權益) means, in relation to a member of an occupational retirement scheme, the rights for the time being conferring entitlement to the receipt by or in respect of him of benefits under the scheme, being the benefits arising as regards the member by reference to the scheme’s past service liability to him, on the day concerned;

“actuary” (精算師) means—

- (a) a Fellow of the Faculty of Actuaries of Scotland;
- (b) a Fellow of the Institute of Actuaries of England;
- (c) a Fellow of the Society of Actuaries of the United States of America;
- (d) a Fellow of the Institute of Actuaries of Australia; and
- (e) any person who holds such qualification as the Registrar may accept as being of a standard comparable to that of a person described in paragraph (a), (b), (c) or (d);